



# YUSEI HOLDINGS LIMITED 友成控股有限公司\*

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

# 2021

## INTERIM REPORT



\*For identification only

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## CORPORATE INFORMATION

### REGISTERED OFFICE

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Lin Gang Industrial Zone  
Henggentou Village, Guali Town  
Xiaoshan District, Hangzhou City  
Zhejiang Province  
The PRC

### BUSINESS ADDRESS IN HONG KONG

Unit D6B,17/F.  
TML Tower  
3 Hoi Shing Road  
Tsuen Wan  
N.T. Hong Kong

### COMPANY SECRETARY

Mr. Shum Shing Kei CPA

### COMPLIANCE OFFICER

Mr. Xu Yong

### AUDIT COMMITTEE

Mr. Lo Ka Wai  
Mr. Fan Xiaoping  
Mr. Hisaki Takabayashi

### REMUNERATION COMMITTEE

Mr. Lo Ka Wai  
Mr. Fan Xiaoping  
Mr. Hisaki Takabayashi

### NOMINATION COMMITTEE

Mr. Lo Ka Wai  
Mr. Fan Xiaoping  
Mr. Hisaki Takabayashi

### AUTHORISED REPRESENTATIVES

Mr. Xu Yong  
Mr. Shum Shing Kei

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
KY1-1110  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shop 1712-1716, 17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### STOCK CODE

96

### AUDITOR

SHINEWING (HK) CPA Limited

### PRINCIPAL BANKERS

Industrial and Commercial Bank of China  
54 Chenghe Street  
Xiaoshan  
Hangzhou  
Zhejiang 311201  
The PRC

Agricultural Bank of China  
Jianshe Road  
Xiaoshan Economy & Technology  
Development Zone  
Zhejiang  
311215  
The PRC

Shanghai Pudong Development Bank  
55 Tiyu Road  
Chengxiang Town, Xiaoshan  
Zhejiang  
311215  
The PRC

The Bank of Tokyo-Mitsubishi, UF J Ltd  
20/F, AZIA Center  
1233 Lujiazui Ring Road  
Pudong Shanghai  
People's Republic of China

## BUSINESS REVIEW

During the six months ended 30 June 2021, 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.

Following the negative economic impacts of the coronavirus disease ("COVID-19") being gradually faded out in the PRC during the six months ended 30 June 2021, the Group has been benefited from: (i) customers increased their product orders; (ii) new design of automobile parts (previously in design and development stage) were put into production. As a result, the Group's financial performance had been improved for the six months ended 30 June 2021.

For the six months ended 30 June 2021, the Group incurred research and development expenses of approximately RMB29,523,000. The Group will continue to carry out research and development of moulding as the core, actively consolidate the technological advantages, and continue to strengthen the automated production, and improve the production processes so as to improve production efficiency. In addition, to enhance the cost advantage, the Group considers constructing production plants near to the main customers for providing fast and efficient services to the main customers. Meanwhile, in order to maintain the competitive advantage in the market segment, the Group continues to invest in purchasing more advanced equipment. In addition, we continue to put effort to develop the existing business and to explore new business.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the six months ended 30 June 2021 increased by 33.1% to approximately RMB719,430,000 as compared to that of approximately RMB540,575,000 for the six months ended 30 June 2020, which was mainly attributable to that fact that (i) customers began increasing their product orders and (ii) new design of automobile parts (previously in design and development stage) were put into production which provide the momentum with the Group for growth.

### Gross profit

The Group's gross profit for the six months ended 30 June 2021 was approximately RMB91,466,000, representing an increase of approximately 63.7% as compared to that of approximately RMB55,876,000 for the six months ended 30 June 2020.

Increase in gross profit was mainly due to decrease in unit cost of sales resulting from economy of scale.

### Distribution costs

The Group's distribution costs for the six months ended 30 June 2021 was approximately RMB39,099,000, representing an increase of approximately 34.5% as compared to RMB29,069,000 for the six months ended 30 June 2020. Such increase was mainly due to increase in revenue.

### Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2021 was approximately RMB30,346,000, representing an increase of approximately 15.7% as compared to that of approximately RMB26,237,000 for the six months ended 30 June 2020.

## Finance costs

The Group's finance costs for the six months ended 30 June 2021 was approximately RMB9,642,000 (2020: RMB9,072,000).

## Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company was approximately RMB17,622,000 for the six months ended 30 June 2021 while the profit for the six months ended 30 June 2020 was approximately RMB532,000.

## Financial resources and liquidity

As at 30 June 2021, the equity amounted to approximately RMB752,786,000. Current assets amount to approximately RMB883,333,000, of which approximately RMB53,608,000 were cash and bank deposits. The Group had non-current assets of approximately RMB686,474,000 and its current liabilities amounted to approximately RMB811,101,000, comprising mainly its creditors and accrued charges and bank and other loans. The net asset value per share was RMB1.18. The Group expresses its gearing ratio as a percentage of borrowings over total assets. As at 30 June 2021, the Group had a gearing ratio of 19.8% (2020: 17.9%).

## 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 2021, the total number of the Group's staff was approximately 2,800 (2020: 2,500). The total staff costs amounted to approximately RMB105,000,000 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 2021, the Group's bank borrowings are secured by use-of-right assets and property, plant and equipment of the Group with an aggregate net carrying values of approximately RMB15,000,000 and RMB102,000,000, respectively.

As at 30 June 2021, the Group's other loans are secured under sales and leaseback agreements by the Group's property, plant and equipment with net carrying value of RMB25,000,000.

### 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.

### Material acquisitions and disposal

The Group did not make any significant investments or material acquisitions and disposals of subsidiaries during the six months ended 30 June 2021.

### Contingent liabilities/Capital commitments

As at 30 June 2021, the Group had no material contingent liabilities and 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; (iii) active participation in production process of the suppliers to ensure the product quality and the mutual communication to improve the suppliers' production efficiency; and (iv) the Group continues to invest in automated equipment, tailor-made, and build automated factories to continuously improve production efficiency and reduce labor costs. 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.

In order to keep up with the development of auto industry and to further meet customer demand, the Group set up a wholly-owned subsidiary in Mexico and will build up the production lines for production and sales of production and sales of the moulding and of auto parts and components in American market. The Group also intends to set up a wholly-owned subsidiary in Serbia and explore the European market. In response to the development pace of its customers, the Group will acquire land for construction of factories when appropriate.

### **DIVIDENDS**

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2021 (2020: Nil). Therefore, no closure of register of members is necessary.

## 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)	-	-	233,316,864 shares	233,316,864 shares	-	36.65%
Company	Toshimitsu Masuda (Note 2)	-	-	233,316,864 shares	233,316,864 shares	-	36.65%
Company	Xu Yong	90,086,400 shares	-	-	90,086,400 shares	-	14.15%
Company	Manabu Shimabayashi	1,900,800 shares	-	-	1,900,800 shares	-	0.30%

## Supplementary Information

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	Fan Xiaoping	57,024 shares	-	-	57,024 shares	-	0.01%
Yusei Japan	Mr. Masuda (Note 3)	24,060 shares	-	25,760 shares	49,820 shares	-	49.80%
Yusei Japan	Toshimitsu Masuda (Note 4)	1,700 shares	-	25,760 shares	27,460 shares	-	27.50%

### 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 36.65% 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 233,316,864 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 36.65% in the issued share capital of the Company. By virtue of SFO, Mr. Toshimitsu Masuda is deemed to be interested in 233,316,864 Shares through his shareholding in Conpri.
3. Mr. Masuda holds 50% 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	233,316,864 shares	-	36.65%
Company	Conpri (Note 1)	Corporate Interest	233,316,864 Shares	-	36.65%
Company	Superview International Investment Limited (Note 2)	Beneficial Owner	110,880,000 shares	-	17.42%
Company	Ding Hong Guang	Beneficial Owner	60,104,640 shares	-	9.44%

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 233,316,864 shares held by Yusei Japan.
2. 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 2021.

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

During the six months ended 30 June 2021, 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**

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 condensed consolidated financial statements for the six months ended 30 June 2021, 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 2021, 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 36.65% 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 25.76% by Conpri, as to approximately 24.06% by Mr. Masuda, as to approximately 1.70% by Mr. Toshimitsu Masuda, as to 30.48% by staff union of Yusei Japan, respectively, and as to approximately 18.0% 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 and as to 50% by Mr. Masuda. Mr. Toshimitsu Masuda is the son of Mr. Masuda. Mr. Katsutoshi Masuda and Mr. Toshimitsu Masuda are 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 STATEMENT OF PROFIT OR LOSS (UNAUDITED)

For the six months ended 30 June 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	3	719,430	540,575
Cost of sales		(627,964)	(484,699)
Gross profit		91,466	55,876
Other income		13,017	9,498
Distribution costs		(39,099)	(29,069)
Administrative expenses		(30,346)	(26,237)
Finance costs		(9,642)	(9,072)
Share of profits of associates		160	72
Profit before tax	4	25,556	1,068
Income tax expense	5	(7,934)	(689)
Profit for the period		17,622	379
Dividend		-	-
Earnings per share			
Basic and diluted	6	RMB0.0277	RMB0.0009

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021 RMB'000	2020 RMB'000
Profit for the period	17,622	379
Other comprehensive income for the period: Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operation	142	594
<b>Total comprehensive income for the period</b>	<b>17,764</b>	<b>973</b>
Profit attributable to:		
Owners of the Company	17,622	604
Non-controlling interest	-	(225)
	17,622	379
Total comprehensive income attributable to:		
Owners of the Company	17,764	1,198
Non-controlling interest	-	(225)
	17,764	973

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		522,657	510,464
Right-of-use assets		108,724	111,080
Intangible assets		11,867	13,234
Goodwill		5,385	5,385
Deferred tax asset		1,690	1,690
Interests in associates		36,151	35,991
		686,474	677,844
<b>Current assets</b>			
Inventories		335,631	342,476
Trade and bills receivables, deposits and prepayments	7	492,765	527,927
Amount due from ultimate holding company		1,329	1,329
Pledged bank deposits		–	660
Bank balances, deposits and cash		53,608	52,917
		883,333	925,309
<b>Current liabilities</b>			
Trade and other payables	8	495,565	557,029
Income tax liabilities		4,145	9,537
Lease liabilities		4,431	4,551
Bank and other loans		306,960	290,558
		811,101	861,675
<b>Net current assets</b>		72,232	63,634
<b>Total assets less current liabilities</b>		758,706	741,478
<b>Non-current liabilities</b>			
Deferred income – government subsidy		5,920	6,456
		752,786	735,022
<b>Capital and reserves</b>			
Share capital		5,801	5,801
Reserves		740,790	723,026
		746,591	728,827
Non-controlling interest		6,195	6,195
		752,786	735,022

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital	Share premium	Special reserve	Reserve for shares issued with vesting conditions	Translation Reserve	Capital reserve	Statutory surplus reserve	Retained profits	Sub-total	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
1 January 2021	5,801	123,375	49,663	18,065	3,729	71	22,034	506,089	728,827	6,195	735,022
Profit for the period	-	-	-	-	-	-	-	17,622	17,622	-	17,622
Other comprehensive income for the period	-	-	-	-	142	-	-	-	142	-	142
Total comprehensive income for the period	-	-	-	-	142	-	-	17,622	17,764	-	17,764
At 30 June 2021	5,801	123,375	49,663	18,065	3,871	71	22,034	523,711	746,591	6,195	752,786
1 January 2020	5,801	123,375	49,663	18,065	5,351	71	19,144	468,013	689,483	8,283	697,766
Profit for the period	-	-	-	-	-	-	-	604	604	(225)	379
Other comprehensive income for the period	-	-	-	-	594	-	-	-	594	-	594
Total comprehensive income for the period	-	-	-	-	594	-	-	604	1,198	(225)	973
At 30 June 2020	5,801	123,375	49,663	18,065	5,945	71	19,144	468,617	690,681	8,058	698,739

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)

For the six months ended 30 June 2021

	2021 RMB'000	2020 RMB'000
Net cash generated from operating activities	52,450	36,476
Net cash generated from/(used in) investing activities	(58,399)	(25,380)
Net cash generated from/(used in) financing activities	6,640	(36,896)
Increase/(Decrease) in cash and cash equivalents	691	(25,800)
Cash and cash equivalents at beginning of period	52,917	80,581
Cash and cash equivalents at end of period, representing bank balances deposits and cash	53,608	54,781

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 "Listing Rules").

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 2020, except for the adoption of the amendments to Hong Kong Financial Reporting Standards ("HKFRSs") as of 1 January 2021 that are relevant to its operations. The adoption of these amendments to HKFRSs had no significant financial effect on these financial statements.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

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

Amendment to HKFRS 16	COVID-19 – Related Rent Concession
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the new and revised HKFRSs has had no significant financial effect on the unaudited condensed interim financial statements of the Group.

## 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

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognized as an expense	627,964	460,646
Depreciation of right-of-use assets	2,356	4,405
Amortisation of intangible recognized as administrative expenses)	1,367	288
Depreciation of property, plant and equipment	46,206	31,132

#### 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 廣州友成機工有限公司 Guangzhou Yusei Machinery Co., Ltd.\* ("Guangzhou Yusei") for the year ending 31 December 2021 (2020: Hangzhou Yusei, Guangzhou Yusei and 蘇州友成機工有限公司 Suzhou Yusei Machinery Co., Ltd.\* ("Suzhou Yusei")) was 15%.

On 9 December 2016, Guangzhou Yusei was approved by Science and Technology Department of Guangdong Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 9 December 2016. Guangdong Yusei has further obtained the renewal of its high technology qualification on 2 December 2020 and is entitled to the concession rate of 15% from 2020 to 2022.



On 30 November 2018, Hangzhou Yusei was approved by Science and Technology Department of Zhejiang Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 30 November 2018.

On 5 August 2014, Suzhou Yusei was approved by Science and Technology Department of Suzhou Province as high technology enterprise and therefore is subject to EIT at a concession rate of 15% for three years, with effective from 1 January 2014. Suzhou Yusei has further obtained the renewal of its high technology qualification on 7 December 2017 and is entitled to the concession rate of 15% from 2017 to 2020. The high technology qualification was expired on 6 December 2020.

\* The English names are for identification purposes only

## 6. 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:

	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share	17,622	532

	2021 '000	2020 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	636,550	636,550

Diluted earnings per share is same as basic earnings per share for the periods ended 30 June 2021 and 2020 as there is no potential ordinary shares outstanding.

## 7. TRADE AND BILLS RECEIVABLE, DEPOSITS AND PREPAYMENTS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade receivables	403,361	415,440
Less: impairment loss recognised	(6,320)	(6,320)
	397,041	409,120
Bills receivable	33,238	50,538
Advance to suppliers	23,371	23,681
Prepayment	20,118	19,395
Other receivables and deposits	18,997	25,193
	492,765	527,927

Note:

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 be extended to the range from 90 days to 270 days. The Group does not hold any collateral over these balances.

The aged analysis of trade receivables, net of provision of impairment loss recognised presented based on the invoice dates, which approximated the respective revenue recognition dates, are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	154,827	159,368
31 to 60 days	110,709	114,106
62 to 90 days	81,022	83,554
91 to 180 days	31,698	32,657
181 to 365 days	12,566	12,918
Over 365 days	6,219	6,517
	397,041	409,120

**8. TRADE PAYABLES AND ACCRUED CHARGES**

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Trade payables and bills payables	334,755	378,669
Value-added tax payables	4,145	5,924
Contract liabilities	29,358	29,466
Other payables	51,050	54,635
Staff costs accrued	32,229	45,189
Accruals	44,028	43,146
	<b>495,565</b>	<b>557,029</b>

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within 30 days	200,346	226,671
31 to 60 days	64,266	73,122
61 to 90 days	35,882	40,595
91 to 180 days	24,735	28,012
181 to 365 days	3,233	3,607
Over 365 days	6,293	6,662
	<b>334,755</b>	<b>378,669</b>

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.

**9. APPROVAL OF FINANCIAL STATEMENTS**

These condensed consolidated financial statements were approved and authorised for issue by the board of directors on 31 August 2021.