EYANG HOLDINGS (GROUP) CO., LIMITED
宇 陽 控 股（集 團）有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 117)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

The board of directors (the "Board") of EYANG Holdings (Group) Co., Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009, together with the comparative results for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	4	**300,289**	232,646
Cost of sales		**(227,046)**	(162,369)
Gross profit		**73,243**	70,277
Other income and gain	4	**15,396**	6,597
Selling and distribution costs		**(9,627)**	(8,279)
Administrative expenses		**(19,741)**	(21,618)
Research and development costs		**(6,168)**	(2,647)
Other expenses		**(8,172)**	(12,577)
Finance costs		**(1,743)**	(1,019)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**43,188**	30,734
Income tax expense	5	**(3,075)**	(9,754)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**40,113**	20,980
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	6	**(20,410)**	(9,663)
PROFIT FOR THE YEAR		**19,703**	11,317
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation of foreign operations		**34**	(1,847)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**19,737**	9,470
Profit attributable to:			
Owners of the parent		**19,703**	11,317
Total comprehensive income attributable to:			
Owners of the parent		**19,737**	9,470
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
— For profit for the year		**4.9 cents**	2.8 cents
— For profit from continuing operations		**9.9 cents**	5.2 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	Notes	**2009 RMB'000**	2008 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**245,247**	257,730
Investment properties		**16,383**	10,345
Land lease prepayments		**21,805**	22,293
Other intangible assets		**1,541**	—
Deferred tax assets		**1,930**	1,039
Total non-current assets		**286,906**	291,407
CURRENT ASSETS			
Inventories		**113,849**	111,552
Trade and bills receivables	9	**126,346**	95,533
Prepayments, deposits and other receivables		**8,492**	18,616
Derivative financial instruments		**—**	454
Cash and cash equivalents		**35,823**	109,925
Pledged bank deposits		**25,840**	49,870
Due from related parties		**2,983**	—
Total current assets		**313,333**	385,950
CURRENT LIABILITIES			
Trade and bills payables	10	**82,138**	161,235
Deferred income, accruals and other payables		**26,610**	50,825
Tax payable		**9,687**	12,526
Provisions		**—**	3,699
Interest-bearing bank loans		**63,851**	41,993
Dividends payable		**171**	171
Due to related parties		**—**	12,210
Total current liabilities		**182,457**	282,659
NET CURRENT ASSETS		**130,876**	103,291
TOTAL ASSETS LESS CURRENT LIABILITIES		**417,782**	394,698
NON-CURRENT LIABILITIES			
Deferred income		**4,274**	5,080
Deferred tax liabilities		**3,413**	955
Total non-current liabilities		**7,687**	6,035
Net assets		**410,095**	388,663
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**3,824**	3,824
Reserves		**396,998**	384,839
Proposed final dividend	7	**9,273**	—
Total equity		**410,095**	388,663

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2009

	Attributable to owners of the parent							
	Issued capital RMB'000	Share premium account RMB'000	Contributed surplus RMB'000	Share option reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total equity RMB'000
At 1 January 2008	3,773	98,262	200,713	—	251	64,801	20,275	388,075
Total comprehensive income for the year	—	—	—	—	(1,847)	11,317	—	9,470
Issuance of new shares upon exercise of the over-allotment option	51	6,395	—	—	—	—	—	6,446
Final 2007 dividend	—	—	—	—	—	—	(20,275)	(20,275)
Equity-settled share option arrangements	—	—	—	4,947	—	—	—	4,947
Share options cancelled	—	—	—	(168)	—	168	—	—
At 31 December 2008 and 1 January 2009	3,824	104,657*	200,713*	4,779*	(1,596)*	76,286*	—	388,663
Total comprehensive income for the year	—	—	—	—	34	19,703	—	19,737
Disposal of a subsidiary	—	—	(1,774)	—	—	1,774	—	—
Equity-settled share option arrangements	—	—	—	1,695	—	—	—	1,695
Share options forfeited	—	—	—	(1,677)	—	1,677	—	—
Proposed 2009 final dividend	—	—	—	—	—	(9,273)	9,273	—
At 31 December 2009	3,824	104,657*	198,939*	4,797*	(1,562)*	90,167*	9,273	410,095

* *These reserve accounts comprise the consolidated reserves of RMB396,998,000 (2008: RMB384,839,000) in the consolidated statement of financial position.*

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

EYANG Holdings (Group) Co., Limited (the "Company") was incorporated in the Cayman Islands on 6 March 2007 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised). The Company's registered office is located at the offices of Codon Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and principal place of business of the Company is located at EYANG Building, No. 2 Langshan Road, North Area, Hi-Tech Industrial Park, Nanshan District, Shenzhen, the PRC.

The principal activity of the Company is investment holding. The subsidiaries of the Company are mainly involved in manufacture and sale of multi-layer ceramic capacitor ("MLCC").

The Company is a subsidiary of EY OCEAN Management Limited ("EY OCEAN"), a company incorporated in the British Virgin Islands. EY OCEAN is considered by the directors as the Company's ultimate holding company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and the International Accounting Standards and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2009. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 CHANGE IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 *First-time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 2 Amendments	Amendments to IFRS 2 *Share-based Payment — Vesting Conditions and Cancellations*
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures — Improving Disclosures about Financial Instruments*
IFRS 8	*Operating Segments*
IFRS 8 Amendment*	Amendments to IFRS 8 *Operating Segments — Disclosure of information about segment assets* (early adopted)
IAS 1 (Revised)	*Presentation of Financial Statements*
IAS 18 Amendment*	Amendment to Appendix to IAS 18 *Revenue — Determining whether an entity is acting as a principal or as an agent*
IAS 23 (Revised)	*Borrowing Costs*
IAS 32 and IAS 1 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation and* IAS 1 *Presentation of Financial Statements — Puttable Financial Instruments and Obligations Arising on Liquidation*

IFRIC 9 and IAS 39 Amendments	Amendments to IFRIC 9 *Reassessment of Embedded Derivatives and* IAS 39 *Financial Instruments: Recognition and Measurement — Embedded Derivatives*
IFRIC 13	*Customer Loyalty Programmes*
IFRIC 15	*Agreements for the Construction of Real Estate*
IFRIC 16	*Hedges of a Net Investment in a Foreign Operation*
IFRIC 18	*Transfers of Assets from Customers* (adopted from 1 July 2009)
Improvements to IFRSs (May 2008)	Amendments to a number of IFRSs

* Included in *Improvements to IFRSs 2009* (as issued in April 2009).

The Group has reviewed the impact of the adoption of these new and revised IFRSs and considers that there was no significant impact on the Group's results and financial position nor presentation of the financial statements except as stated below:

(a) IFRS 8 Operating Segments

IFRS 8, which replaces IAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. These revised disclosures, including the related revised comparative information, are shown in note 3 to the financial statements.

The Group has early adopted in these financial statements the Amendment to IFRS 8 issued in Improvements to IFRSs 2009 which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

(b) IAS 1 (Revised) Presentation of Financial Statements

IAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present one single statement.

3. OPERATION SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their products and services they provide.

On 4 September 2009, the Group entered into a disposal agreement with a related party of the Company to transfer the entire equity interest in Shenzhen Eycom Technology Co., Ltd. ("SZ Eycom") (深圳市億通科技有限公司) to the related party at a consideration of RMB3,445,000. The disposal was completed on 14 October 2009. Further details of this disposal are included in note 6 and 11. Subsequent to the disposal, the MLCC segment became the only major continuing reportable operating segment of the Group, which engages in the manufacture and sale of MLCC and the trading of MLCC. Accordingly, no further business segment information is provided, Geographical information for the continuing operation businesses

	2009 RMB'000	2008 RMB'000 (Restated)
Revenue from external customers:		
Mainland China	**156,504**	76,473
Hong Kong and Macau	**120,078**	131,549
America and Europe	**7,031**	243
Turkey	**6,041**	5,525
India	**5,889**	7,670
Taiwan	**3,078**	11,186
Japan	**1,668**	—
	300,289	232,646

4. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gain from continuing operations is as follows:

	2009 RMB'000	2008 RMB'000 (Restated)
Revenue		
Sale of MLCC	**300,289**	232,646
Other income		
Bank interest income	**364**	1,162
Rental income	**3,444**	2,402
Government grant	**—**	1,000
Amortisation of deferred income	**806**	806
Sale of materials	**869**	1,185
Others	**206**	42
	5,689	6,597
Gain		
Gain on disposal of a subsidiary	**9,707**	—
	15,396	6,597

5. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

Shenzhen Eyang Technology Development Co., Ltd. ("SZ Eyang") (深圳市宇陽科技發展有限公司), a subsidiary of the Company in the PRC, obtained its high technology enterprise accreditation on 16 December 2008 and hence is subject to a national income tax rate of 15% from 2008 to 2010.

Except for SZ Eyang mentioned above that are entitled to a preferential tax rate of 15%, the subsidiaries of the Company were required to pay corporate income tax ("CIT") at the standard rate of 25% during the year.

	2009	2008
	RMB'000	RMB'000
		(Restated)
Group:		
Current — PRC		
Charge for the year	**1,508**	8,790
Deferred	**1,567**	964
Total tax charge for the year	**3,075**	9,754

A reconciliation of the income tax expense applicable to profit before tax at the statutory income tax rate of the PRC to the income tax expense at the Group's effective tax rate is as follows:

Group — 2009

	Mainland China		**Cayman Islands**		**Total**	
	RMB'000	**%**	**RMB'000**	**%**	**RMB'000**	**%**
Profit before tax from continuing operations	**46,650**		**(3,462)**		**43,188**	
Tax at the statutory tax rate	**11,663**	**25**	**—**	**—**	**11,663**	**27**
Tax effect of:						
Lower tax rates for specific districts or countries	**(1,198)**	**(3)**	**—**	**—**	**(1,198)**	**(3)**
Tax incentives	**(3,415)**	**(7)**	**—**	**—**	**(3,415)**	**(8)**
Adjustments in respect of current tax of previous periods	**(3,696)**	**(8)**	**—**	**—**	**(3,696)**	**(9)**
Income not subject to tax	**(1,577)**	**(3)**	**—**	**—**	**(1,577)**	**(4)**
Expenses not deductible for tax	**416**	**1**	**—**	**—**	**416**	**1**
Tax losses utilised from previous periods	**(270)**	**—**	**—**	**—**	**(270)**	**—**
Tax losses not recognised	**212**	**—**	**—**	**—**	**212**	**—**
Additional deduction of 50% of the research and development expense	**(1,785)**	**(4)**	**—**	**—**	**(1,785)**	**(4)**
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**2,458**	**5**	**—**	**—**	**2,458**	**6**
Others	**267**	**1**	**—**	**—**	**267**	**1**
Tax charge at the Group's effective tax rate	**3,075**	**7**	**—**	**—**	**3,075**	**7**

Group — 2008

	Mainland China RMB'000	%	Cayman Islands RMB'000	%	Total RMB'000	%
Profit before tax from continuing operations	39,524		(8,790)		30,734	
Tax at the statutory tax rate	9,882	25	—	—	9,882	32
Tax effect of:						
Lower tax rates for specific districts	(1,403)	(4)	—	—	(1,403)	(5)
Tax incentives	(560)	(1)	—	—	(560)	(2)
Income not subject to tax	(121)	—	—	—	(121)	—
Expenses not deductible for tax	831	2	—	—	831	3
Tax losses utilised from previous periods	(362)	(1)	—	—	(362)	(1)
Tax losses not recognised	150	—	—	—	150	—
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	955	2	—	—	955	3
Others	382	1	—	—	382	1
Tax charge at the Group's effective tax rate	9,754	24	—	—	9,754	31

6. DISCONTINUED OPERATION

On 4 September 2009, the Group entered into a disposal agreement with Shenzhen Weichuang Investment Co., Ltd. ("Weichuang Investment") (深圳市偉創投資有限公司), a related party of the Company, to transfer the entire equity interest in SZ Eycom to Weichuang Investment at a consideration of RMB3,445,000. SZ Eycom engages in the manufacture and sale of mobile phones. The Group has decided to cease its mobile phone business in view of the continuing loss from the mobile phone business and the fierce competition in the PRC mobile phone market, and to focus its resources on the development of the growing MLCC business. The disposal of SZ Eycom was completed on 14 October 2009. As at 31 December 2009, no assets or liabilities of the Group were attributable to this discontinued operation.

The results of SZ Eycom for the year are presented below:

	2009 RMB'000	2008 RMB'000
Revenue	**315,102**	545,161
Cost of sales	**(302,181)**	(517,532)
Gross profit	**12,921**	27,629
Other income and gains	**635**	2,385
Selling and distribution costs	**(18,940)**	(25,347)
Administrative expenses	**(3,648)**	(3,979)
Research and development costs	**(4,330)**	(9,884)
Other expenses	**(6,617)**	1,625
Finance costs	**(431)**	(1,334)
Loss before tax from the discontinued operation	**(20,410)**	(8,905)
Income tax	**—**	(758)
Loss for the year from the discontinued operation	**(20,410)**	(9,663)

The net cash flows incurred by SZ Eycom are as follows:

	2009 RMB'000	2008 RMB'000
Operating activities	**(27,613)**	27,591
Investing activities	**346**	(626)
Financing activities	**(18,759)**	(1,383)
Net cash inflow/(outflow)	**(46,026)**	25,582
Loss per share:		
Basic and diluted, from the discontinued operation	**(5.0 cents)**	(2.4 cents)

The calculation of the basic and diluted loss per share from the discontinued operation is based on:

	2009 RMB'000	2008 RMB'000
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**20,410,000**	9,663,000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**405,500,000**	405,290,000

7. DIVIDENDS

	2009 RMB'000	2008 RMB'000
Proposed final cash dividend of HK$2.6 cents (equivalent to approximately RMB2.29 cents) per share (2008: Nil)	**9,273**	—
	9,273	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average of ordinary shares of 405,500,000 (2008: 405,290,000 ordinary shares deemed to have been in issue) in issue during the year.

The share options granted and outstanding during the year had no dilutive effect during the year and accordingly, no diluted earnings per share amount has been presented.

9. TRADE AND BILLS RECEIVABLES

	Group	
	2009	2008
	RMB'000	RMB'000
Trade and bills receivables	**134,746**	98,613
Impairment	**(8,400)**	(3,080)
	126,346	95,533

The Group's trading terms with its MLCC customers are mainly on credit. The credit period for MLCC customers generally are two to five months. Each customer has a maximum credit limit.

The bills receivable were all due within 10 to 193 days from the end of reporting period.

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise its credit risk. Overdue balances are reviewed regularly by management. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date, and the amount of bills receivable are as follows:

	2009	2008
	RMB'000	RMB'000
Within 90 days	**78,575**	84,815
91 to 180 days	**21,679**	10,113
181 to 360 days	**1,181**	605
1 to 2 years	**106**	—
2 to 3 years	**—**	1,544
Over 3 years	**3,080**	1,536
	104,621	98,613
Bills receivable	**30,125**	—
	134,746	98,613

The movements in the provision for impairment of trade receivables are as follows:

	2009	2008
	RMB'000	RMB'000
At 1 January	**3,080**	3,057
Impairment losses recognised	**5,320**	1,316
Amount written off as uncollectible	**—**	(1,293)
At 31 December	**8,400**	3,080

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB8,400,000 (2008: RMB3,080,000) with a carrying amount of RMB8,400,000 (2008: RMB3,080,000). The individually impaired trade receivables relate to customers that were in financial difficulties and are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

An aged analysis of the trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
Neither past due nor impaired	**90,195**	89,485
Less than 90 days past due	**4,285**	5,621
91 to 180 days past due	**1,635**	427
181 to 360 days past due	**106**	—
1 to 2 years past due	**—**	—
	96,221	95,533

The trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

The trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

10. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, and the amount of bills payable are as follows:

	Group	
	2009	2008
	RMB'000	RMB'000
Within 90 days	**47,390**	107,572
91 to 180 days	**678**	633
181 to 360 days	**10**	636
1 to 2 years	**60**	391
2 to 3 years	**—**	23
	48,138	109,255
Bills payable	**34,000**	51,980
	82,138	161,235

The trade payables are non-interest-bearing and are normally settled on 30 to 120 days terms.

The bills payable will all mature within 90 days.

11. DISPOSAL OF A SUBSIDIARY

	2009
	RMB'000
Net assets disposed of:	
Property, plant and equipment	4,256
Inventory	40,657
Trade receivables	45,299
Prepayments, deposits and other receivables	11,478
Cash and cash equivalents	32,617
Pledged bank deposits	8,177
Due from a related party	44
Trade and bills payables	(118,564)
Accruals and other payables	(25,541)
Provisions	(3,741)
Due to a related party	(944)
	(6,262)
Gain on disposal of a subsidiary	9,707
	3,445
Satisfied by	
Cash	3,445

An analysis of the net outflow of cash and cash equivalents and pledged bank deposits in respect of the disposal of a subsidiary is as follows:

	2009
	RMB'000
Cash consideration	3,445
Cash and cash equivalents and pledged bank deposits disposed of	(40,794)
Net outflow of cash and cash equivalents and pledged bank deposits in respect of the disposal of a subsidiary	(37,349)

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2009, the overall global demand for electronic products was yet to be recovered from the economic recession sustained in such major developed economies as Europe, the U.S. and Japan. The Group's MLCC business, an export oriented segment, was inevitably under the pressure of diminishing demand from foreign buyers. Facilitated by the economic stimulation policies such as the "Home Appliances Subsidy for Rural Villages" and "Appliances Trade-in" launched by the Government, the demand for electronic products in the PRC maintained a strong growth, which in turn drove the local demand for MLCC. The management of the Company seized the market development trend and effectively mitigated the damage to the Company caused by such pervasive global economic recession through its technological advancement in MLCC business, optimization of product portfolio as well as increasing the proportion of PRC clients in its portfolio. In 2009, the Group's revenue from continuing operations for the period increased by 29%. Excluding the impact on the disposal of mobile business which recorded a one-off gain of 9.7 million, its profit before tax from continuing operations for the period increased by 13.1%.

As reckless competition intensified in the PRC mobile industry, the Company's mobile business had recorded a substantial loss. In order to maximize the return to investors, upon approval in a general meeting of the Company, the mobile business has been disposed of by the Group on 14 October 2009. Up to that date, the mobile business recorded a loss of RMB20.4 million (2008: a loss of RMB9.7 million).

The profit after tax attributable to the owners of the parent was RMB19.7 million in 2009, representing an increase of 74.1% over that of 2008.

FUTURE PROSPECTS

In 2010, the economic recovery in the U.S. will gather momentum, slowly while the two major economies in Europe and Japan are also expected to walk out from the recession. When the stock-out process in the three major economies is over, the demand for electronic products will gradually pick up. In particular, at the same time, the upgrade and replacement of electronic products will become a driver of the upcoming strong demand for MLCC.

For the contribution to a balanced and stable development of the national economy in the PRC, the Central Government has launched a series of economic policies to encourage domestic consumption. It is expected that these economic policies will further boost the consumption of electronics and digital products and expand the demand for MLCC. With the extensive application of digital electronic products, network products including LCD TVs, set-top boxes (機頂盒) and ADSL have gained their access in millions of households. The demand for MLCC will keep growing.

In the coming year, it is expected that RMB against the world's major currencies will still have a certain extent of appreciation. Meanwhile, the challenges experienced in the economic recession prompted corporations to be more cautious about investment, purchase, production and sales planning. The appropriate level of inventories will never return to that before the recession. This situation will bring challenges to the Group's operation. However, the Group can still manage to obtain the feedback of MLCC demand information faster than its competitors in other areas as the Group is based in the Pearl River Delta, one of the world's major electronic products processing centers. The management believes that it will bring more opportunities for the Group to develop its MLCC business and improve its results.

Technological expertises in the Group's MLCC and advanced MLCC products have been the key competitive strengths of the Group to outperform its local competitors. The management is optimistic about the prospect of the sales of MLCC.

FINANCIAL REVIEW

Since the mobile business had been disposed of by the Group on 14 October 2009, the analysis set out below only relates to the MLCC business, being the only continuing operations of the Company, unless otherwise stated.

REVENUE

The revenue of the Group's MLCC business for 2009 was approximately RMB300.3 million, representing a 29.1% increase over that of 2008. This was mainly because the Group's management had put a great deal of efforts in the development on the Mainland China market, as well as increasing the proportion of the Mainland China market, which experienced a relatively insignificant impact in the financial crisis, to the Company's sales market.

GROSS PROFIT

Gross profit of the Group's MLCC business for 2009 was RMB73.2 million in 2009, representing an increase of approximately 4.2% from that of 2008. The increase was mainly due to the growth in the revenue from MLCC sales.

GROSS MARGIN

The gross margin of the Group's MLCC business for 2009 was 24.4%, representing a 5.8% decrease from the gross margin of 30.2% in 2008. This was mainly due to the impact of the financial crisis, which resulted in a drop in the average selling price of MLCC.

OTHER INCOME AND GAIN

Other income and gain of the Group for 2009 were RMB15.4 million, representing a substantial increase as compared to that of 2008. This was mainly due to the disposal of SZ Eycom, the Group's wholly-owned subsidiary, resulting in an increase in investment gain of RMB9.7 million.

SELLING AND DISTRIBUTION COSTS

The selling and distribution costs of the Group for 2009 were RMB9.6 million, representing a 16.3% increase over that of 2008. This was mainly due to the increasing input in the market for the increase in market share and the development of the Mainland China market.

ADMINISTRATIVE EXPENSES

The administrative expenses of the Group for 2009 were RMB20.0 million, representing an 8% decrease from that of 2008. This was mainly due to enhancement of management efficiency, resulting in a reduction in expenses and efficient management of costs.

RESEARCH AND DEVELOPMENT COSTS

The research and development costs of the Group for 2009 were RMB6.2 million, representing a 133% surge over that of 2008. This was mainly due to the upgrade of the core competitiveness of the Company's products, as well as a greater research and development engagement at this moment in the entire series of hi-tech MLCC products (with 0201 specification) and products with large capacity.

OTHER EXPENSES

Other expenses of the Group for 2009 were RMB8.2 million, representing a 35.0% decrease from that of 2008. This was mainly due to: 1) the management of the Company enhanced their management skills that the effect of the foreign exchange rate on the Company's business had been well under control, resulting in a substantial reduction in the loss on foreign exchange; and 2) the share option expense had significantly dropped.

FINANCIAL COSTS

The financial costs of the Group for 2009 were RMB1.7 million, representing a RMB0.7 million increase over that of 2008. This was mainly due to an increase in the average balance of the Company's capital loans.

INCOME TAX EXPENSE

Income tax expense of the Group for 2009 amounted to approximately RMB3.1 million, representing a decrease of RMB6.7 million from that of 2008. The effective tax rates of the Group for the two years ended 31 December 2008 and 2009 were approximately 31.7% and 7.2%, respectively. The substantial decrease in the effective tax rate was mainly due to the following reason: SZ Eyang obtained its high technology enterprise accreditation on 16 December 2008. According to the PRC New Corporate Income Tax Law effective on 1 January 2008, SZ Eyang is subject to a preferential corporate tax rate of 15% and additional 50% of its research and development expense incurred can be deducted from its taxable income. However, the New Corporate Income Tax Law did not explicitly stipulate whether branches of a high technology enterprise are subject to the preferential tax rate of 15%, and require that the additional deduction of research and development expense shall be reviewed and approved by the tax bureau. Accordingly, the branch of SZ Eyang in Dongguan would be subject to a corporate tax rate of 25% and SZ Eyang would not additionally deduct its research and development expense from its taxable income until the final settlement of corporate income tax for 2008 has been completed. In June 2009, SZ Eyang and its branch in Dongguan completed the final settlement of corporate income tax. According to the final settlement results, the tax bureau agreed that SZ Eyang and its branch could enjoy the above tax preferences. As such, the over-provision for corporate income tax of RMB3.7 million in 2008 was reversed during the year.

GEARING RATIO

The Group monitors its capital through gearing ratio, being net liabilities divided by capital and net liabilities. Net liabilities are determined as the aggregate of interest-bearing bank loans, trade and bills payables and other payables (excluding accruals and deferred income within one year) less cash and cash equivalent. Capital refers to the equity attributable to the owners of the parent. As at 31 December 2008 and 2009, the gearing ratio of the Group was approximately 21.1% and 22.6% respectively.

PROPERTY, PLANT AND EQUIPMENT

The net carrying amount as at 31 December 2009 was RMB245.2 million, representing a decrease of RMB12.5 million from that of 2008. The decrease was due to the combined impact of the following factors: 1. the property, plant and equipment of RMB6.3 million reclassified to investments properties as a result of the lease of certain unused properties by the Group in the year; 2. the decrease in production, office and other equipment by RMB4.3 million due to the disposal of SZ Eycom, a wholly-owned subsidiary of the Group, from the Group on 14 October 2009; 3. the depreciation of the Group's property, plant and equipment of approximately RMB24.9 million for the period; and 4. the addition of MLCC manufacturing equipment of approximately RMB23.1 million in 2009 as the Group began to acquire a large amount of MLCC manufacturing equipment since 2008 in response to the increasing market demand for MLCC products.

INVESTMENT PROPERTIES

The Group's investment properties for 2009 amounted to RMB16.4 million, representing an increase of RMB6.3 million over that of 2008. This was mainly due to the increased demand for leasing certain unused properties of the Group as Mainland China was among the first economies to recover from the global financial crisis.

OTHER INTANGIBLE ASSETS

As at 31 December 2009, the Group's other intangible assets, mainly SAP management software, amounted to approximately RMB1.5 million. In order to enhance the Group's management quality and efficiency, the Group began to prepare for the upgrading of its existing ERP management software to the advanced SAP management software in 2008. The SAP management software was put into use in 2009.

TRADE AND BILLS RECEIVABLES

The trade and bills receivables of the Group were mainly the amount due from the Group's MLCC customers. As at 31 December 2009, the net book values of trade and bills receivables were RMB126.3 million, representing an increase of 32% over that of 2008. The increase in trade and bills receivables was mainly attributable to: 1. the increase in revenue of the Group by 29% in 2009 over that of 2008; 2. the extension of credit period of trade receivables granted to certain customers with sound reputation who have established long-term relationship with the Group.

PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

At 31 December 2009, prepayments, deposits and other receivables of the Group were RMB8.5 million, representing a decrease of RMB10.1 million from that of 2008. The reduction was mainly due to the disposal of the Group's wholly-owned subsidiary, SZ Eycom, from the Group on 14 October 2009.

CASH AND CASH EQUIVALENTS AND PLEDGES BANK DEPOSITS

At 31 December 2009, cash and cash equivalents and pledges bank deposits of the Group were RMB61.7 million, representing a decrease of RMB98.1 million from that of 2008. The reduction was mainly due to the disposal of the Group's wholly-owned subsidiary, SZ Eycom, from the Group on 14 October 2009. Excluding the factor of the disposal of SZ Eycom, cash and cash equivalents and pledged bank deposits increased.

The cash and cash equivalents and pledged bank deposits of SZ Eycom were mainly used for its own daily operations, instead of the Group's MLCC business. As a result, the reduction in cash and cash equivalents and pledged bank deposits of the Group arising from the disposal of SZ Eycom from the Group had no impact on the operations of the Group's MLCC business.

TRADE AND BILLS PAYABLES

As at 31 December 2009, the net carrying amount of the Group's trade and bills payables was RMB82.1 million, representing a decrease of RMB79.1 million from that of 2008. The decrease in trade and bills payables was mainly due to the disposal of SZ Eycom from the Group. Excluding the factor of SZ Eycom, the net carrying amount of the Group's trade and bills payables increased by RMB21.5 million from that of 2008. This was mainly because the Group had fully utilized its production capacity in 2009, resulting in a higher production capacity over that of 2008. The expansion in production capacity led to a corresponding growth in the purchase of raw materials.

DEFERRED INCOME, ACCRUALS AND OTHER PAYABLES

As at 31 December 2009, deferred income, accruals and other payables of the Group were RMB26.6 million, representing a decrease of RMB24.2 million from that of 2008. The decrease in deferred income, accruals and other payables was mainly due to the disposal of SZ Eycom from the Group.

PROVISIONS

The provisions were mainly to ensure of services after-sales of the products sold by SZ Eycom during the warranty period. Since SZ Eycom has been disposed of by the Group on 14 October 2009, provisions made by SZ Eycom would no longer be reflected in the Group's accounts.

DUE TO RELATED PARTIES

The Group's amounts due to related parties mainly comprises the trade payable by SZ Eycom to Dongguan Guangtong Enterprise Co., Ltd. ("DG Guangtong") and Dongguan Deyang Industrial Co., Ltd. ("DG Deyang"). As SZ Eycom has been disposed of by the Group on 14 October 2009, the amounts due to DG Guangtong and DG Deyang by SZ Eycom were not reflected in the Group's accounts.

INTEREST-BEARING BANK LOANS

On 31 December 2009, the Group had outstanding Interest-bearing bank loans of RMB63.9 million, representing an increase of RMB21.9 milllion over that of 2008, mainly used to boost the production and sales of MLCC and maintain the Company's liquidity.

CONTINGENT LIABILITIES

As at 31 December 2009, the Group had no material contingent liabilities.

COMMITMENTS

As at 31 December 2009, the capital commitments of the Group were approximately RMB19.6 million, representing an increase of RMB8.4 million over that of 2008, which was mainly due to the increase in the Group's purchase of equipment which had not yet been delivered.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net current asset

As at 31 December 2009, the Group had net current assets of approximately RMB130.9 million, including current assets of RMB313.3 million and current liabilities of RMB182.4 million.

Cash flows

	For the year ended 31 December	
	2009	2008
	RMB'000	RMB'000
Net cash inflow/(outflow) from operating activities	**(45.4)**	67.5
Net cash outflow from investing activities	**(71.4)**	(120.3)
Net cash inflow/(outflow) from financing activities	**46.2**	(24.0)
Cash and cash equivalents at the end of year	**61.7**	131.7

As at 31 December 2009, the Group's remaining balance of cash and cash equivalents decreased by RMB70.5 million from that of 31 December 2008. It was mainly due to:

1) The Group's cash outflow from operating activities of RMB45.4 million, which was mainly due to an increase in the payment for the purchase of raw materials and trade receivables;

2) The Group's net cash outflow from investing activities of RMB71.4 million, which was mainly due to an amount of approximately RMB34.1 million used in purchasing equipments and intangible assets, and a net cash outflow of RMB37.3 million from the disposal of SZ Eycom;

3) Net cash inflow from financing activities of RMB46.2 million, which was due to the increase in bank loans.

Banking facilities

As at 31 December 2009, the Group had aggregate banking facilities of approximately RMB276.1 million, of which approximately RMB212.3 million had not been utilized. The facilities were secured by property, plant and equipment of the Group with a net amount of approximately RMB89.9 million and time deposit of with a net amount of US0.7 million (equivalent to approximately RMB4.7 million), and a guarantee provided by SZ Eycom, a related party.

Foreign currency risk

In 2009, the Group's sales and purchase were mainly denominated in RMB, US dollars and Hong Kong dollars. The Group's foreign currencies account was basically balanced and its foreign currencies risk was relatively small.

Staff

For the year ended 31 December 2009, the Group had a total of 1,371 staff, whose remunerations and benefits are determined based on the market, state policies and individual performance.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed shares of the Company during the year ended 31 December 2009.

CORPORATE GOVERNANCE

The Company has adopted the applicable code provisions of the Code on Corporate Governance Practices (the "CG Code") stipulated in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to safe guard the values of the Company and promote the interests of stakeholders of the Company. The Board from time to time assesses the Company's practice of and compliance with the CG code to ensure a high standard of performance, transparency and accountability.

The Board has reviewed the corporate governance practices of the Company and considers that the Company has complied with the CG Code during the year ended 31 December 2009, save for the exception that the Company does not have a separate Chairman and Chief Executive Officer and Mr. Chen Weirong currently holds both positions. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances the efficiency of decision-making process in response to the changing environment.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Chu Kin Wang, Peleus (Chairman of the Audit Committee), Mr. Pan Wei and Mr. Liu Huanbin. The main duties of the Committee are to review the financial statements and financial and accounting policies of the Company and oversee the Company's financial reporting system and internal control procedures.

During the year ended 31 December 2009 the Audit Committee met twice and reviewed the financial results and reports, financial reporting and compliance procedures, report of internal audit department on the Company's internal control and risk management review and the re-appointment of the external auditors. The Committee has not taken a different view from the Board regarding the selection, appointment, resignation or dismissal of the external auditors. The Group's annual results for the year ended 31 December 2009 have been discussed, reviewed and approved by the Audit Committee.

MODEL CODE FOR DEALING IN SECURITIES BY DIRECTORS

The Company has adopted a code of conduct governing securities transactions by directors on terms no less exacting than that required under the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules. Specific enquiry has been made of each Director of the Board, all Directors confirm that they have fully complied with the Model Code throughout the year ended 31 December 2009.

FINAL DIVIDEND

The Board recommends, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting, the payment of a final dividend of HK$2.6 cents (equivalent to approximately RMB2.29 cents) per ordinary share for the year ended 31 December 2009 (2008: nil). The final dividend will be paid on or about 30 June 2010 to shareholders whose names appear on the register of members of the Company as at the close of business on Monday, 31 May 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 27 May 2010 to Monday, 31 May 2010 (both days inclusive), during which period no transfer of shares will be effected.

In order to be eligible to attend and vote at the forthcoming annual general meeting and to qualify for the proposed final dividend, unregistered holders of shares of the Company should lodge all share transfers, accompanied by the relevant share certificates, with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 26 May 2010.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held at Plaza 3, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Monday, 31 May 2010. Notice of the AGM will be published and despatched to the shareholders in the manner as required by the Listing Rules in due course.

PUBLICATION OF INFORMATION ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the Stock Exchange's website (http://www.hkex.com.hk) and the Company's website (http://www.szeyang.com) respectively. The relevant annual report of the Company will be despatched to the shareholders of the Company and available on the same websites in due course.

By order of the Board
EYANG Holdings (Group) Co., Limited
Chen Weirong
Chairman

Hong Kong, 16 April 2010

As at the date of this announcement, the Board comprises Mr. Chen Weirong and Mr. Liao Jie as Executive Directors, Ms. Shuang Mei, Mr. Cheng Wusheng, Mr. Li Heqiu, Mr. Zhang Zhilin and Mr. Chen Hao as Non-executive Directors and Mr. Pan Wei, Mr. Liu Huanbin and Mr. Chu Kin Wang, Peleus as Independent Non-executive Directors.