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 2012

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 2012, together with the comparative results for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	**2012** *RMB'000*	2011 *RMB'000*
REVENUE	*5*	**538,335**	481,402
Cost of sales		**(473,998)**	(417,333)
Gross profit		**64,337**	64,069
Other revenue and other net income	*6*	**13,848**	11,516
Selling and distribution costs		**(18,257)**	(13,104)
Administrative expenses		**(38,029)**	(27,150)
Other expenses		**(9,893)**	(2,482)
Change in fair value of Net Contingent Consideration Payable		**3,510**	–
Research and development costs	*7(c)*	**(7,714)**	(7,158)
Profit from operations		**7,802**	25,691
Finance costs	*7(a)*	**(7,644)**	(8,924)
PROFIT BEFORE TAXATION		**158**	16,767
Income tax	*8*	**(8,317)**	(2,211)
(LOSS)/PROFIT FOR THE YEAR		**(8,159)**	14,556

	Notes	**2012** **RMB'000**	2011 RMB'000
OTHER COMPREHENSIVE (LOSS)/INCOME			
Exchange differences on translation of foreign operations, net of nil tax		**(14)**	2,758
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(8,173)**	17,314
(Loss)/profit for the year attributable to owners of the Company		**(8,159)**	14,556
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(8,173)**	17,314
		RMB cents	*RMB cents*
(LOSS)/EARNINGS PER SHARE			
Basic and diluted	*10*	**(2.0)**	3.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**277,415**	294,183
Investment properties		**26,625**	26,277
Prepaid land lease payments		**20,341**	20,829
Deposits paid for acquisition of property, plant and equipment		**–**	5,696
Other intangible assets		**1,025**	1,197
Deferred tax assets		**2,891**	2,702
		328,297	350,884
CURRENT ASSETS			
Inventories		**110,363**	103,062
Trade and bills receivables	*11*	**221,873**	156,680
Prepayments, deposits and other receivables		**32,080**	24,276
Due from related parties		**10,869**	6,739
Derivative financial instruments		**–**	161
Pledged deposits		**40,677**	125,772
Cash and bank balances		**48,018**	65,887
		463,880	482,577
CURRENT LIABILITIES			
Trade and bills payables	*12*	**119,440**	69,439
Deferred income, accruals and other payables		**45,849**	36,280
Due to related parties		**40**	–
Tax payable		**28,155**	12,703
Bank loans		**144,599**	261,590
Dividends payable		**256**	256
		338,339	380,268
NET CURRENT ASSETS		**125,541**	102,309
TOTAL ASSETS LESS CURRENT LIABILITIES		**453,838**	453,193

	2012	2011
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Deferred income	**2,138**	3,193
Deferred tax liabilities	**6,010**	5,605
	8,148	8,798
NET ASSETS	**445,690**	444,395
CAPITAL AND RESERVES		
Share capital	**3,824**	3,824
Reserves	**441,866**	440,571
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**445,690**	444,395

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Attributable to owners of the Company								
	Share capital *RMB'000*	**Share premium account** *RMB'000*	**Contributed surplus** *RMB'000*	**Share option reserve** *RMB'000*	**Exchange fluctuation reserve** *RMB'000*	**Statutory reserve** *RMB'000*	**Retained profits** *RMB'000*	**Proposed final dividend** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2011, as previously stated	3,824	104,657	198,939	5,044	204	–	114,363	10,239	437,270
Restatement due to reallocation to statutory reserve	–	–	–	–	–	35,023	(35,023)	–	–
At 1 January 2011, as restated	3,824	104,657	198,939	5,044	204	35,023	79,340	10,239	437,270
Profit for the year	–	–	–	–	–	–	14,556	–	14,556
Exchange differences on translation of foreign operations	–	–	–	–	2,758	–	–	–	2,758
Total comprehensive income for the year	–	–	–	–	2,758	–	14,556	–	17,314
Transfer to reserve	–	–	–	–	–	1,245	(1,245)	–	–
Equity-settled share option arrangements	–	–	–	50	–	–	–	–	50
Share options forfeited	–	–	–	(309)	–	–	309	–	–
Final 2010 dividend declared	–	–	–	–	–	–	–	(10,239)	(10,239)
At 31 December 2011	3,824	104,657	198,939	4,785	2,962	36,268	92,960	–	444,395
At 1 January 2012, as previously stated	**3,824**	**104,657**	**198,939**	**4,785**	**2,962**	**–**	**129,228**	**–**	**444,395**
Restatement due to reallocation to statutory reserve	**–**	**–**	**–**	**–**	**–**	**36,268**	**(36,268)**	**–**	**–**
At 1 January 2012, as restated	**3,824**	**104,657**	**198,939**	**4,785**	**2,962**	**36,268**	**92,960**	**–**	**444,395**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(8,159)**	**–**	**(8,159)**
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**–**	**(14)**	**–**	**–**	**–**	**(14)**
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(14)**	**–**	**(8,159)**	**–**	**(8,173)**
Transfer to reserve	**–**	**–**	**–**	**–**	**–**	**1,667**	**(1,667)**	**–**	**–**
Deemed contribution from the shareholders *(note 13)*	**–**	**–**	**9,468**	**–**	**–**	**–**	**–**	**–**	**9,468**
Share options forfeited	**–**	**–**	**–**	**(225)**	**–**	**–**	**225**	**–**	**–**
At 31 December 2012	**3,824**	**104,657**	**208,407**	**4,560**	**2,948**	**37,935**	**83,359**	**–**	**445,690**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. GENERAL 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 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised). The Company's registered office address is the office of Codon Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, and the head office and the principal place of business of the Company are located at EYANG Building, No.3 Qimin Street, 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 principal activities of the subsidiaries are mainly involved in manufacture and sale of multi-layer ceramic capacitor ("MLCC"), trading of mobile phones and manufacture and sale of batteries.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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. These financial statements have been prepared under the historical cost convention and financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except where otherwise indicated.

The IASB has issued certain new and revised IFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from the initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the financial statements.

(b) Basis of preparation of the financial statements

(i) The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (together "the Group").

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB") and the functional currency of the Company is RMB.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the contingent consideration and the derivative financial instruments are stated at the fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(ii) During the audit process in respect of the financial year ended 31 December 2012, there was an allegation of false accounting regarding the trading of mobile phones (the "Mobile Phone Business") of the Group ("the allegation").

On 30 April 2013, the board of directors (the "Board") was informed that the company secretary of the Company was arrested by the Hong Kong Police on 25 April 2013 in connection with alleged false accounting with respect to the Group's Mobile Phone Business which was operated by a subsidiary of the Company, Hong Kong Weichang NER Co. Limited ("HK Weichang"), for the period from August 2011 to March 2012. The company secretary was released on bail.

The Board resolved on 28 June 2013 to voluntarily wind up HK Weichang which had ceased its Mobile Phone Business since December 2012. The winding-up process of HK Weichang commenced on 28 June 2013.

In May 2012, the Company established a special board committee (the "Special Committee") to investigate the allegation and to recommend remedial procedures to the Board to improve the Group's internal control.

The Special Committee carried out an investigation with the assistance of an independent PRC law firm and made reference to the internal control review report issued by Pan China and completed the investigation in November 2013. The Special Committee concluded that:

— No fraudulent trading occurred in the mobile phone trading business conducted by HK Weichang;

— The operation of the mobile phone trading business conducted by HK Weichang did not contravene any PRC laws and related rules and/or regulations;

— The mobile phone trading business conformed to the international practice regarding sale and purchase of goods and fell within the threshold of normal and reasonable business activities commonly practised in the PRC;

— The problems associated with the mobile phone trading business resulted from inadequate supervision from the management and apparent defects in the internal control systems. However, there was no evidence showing any integrity problem of the management of the mobile phone trading business.

On the basis of findings in the investigation carried out by the Special Committee, the Board considered that no further actions should be taken.

Subsequently, on 13 June 2014, the Board was informed by the company secretary of the Company that on 12 June 2014, Hong Kong Police had removed his bail and released him unconditionally.

3. RESTATEMENT OF PRIOR YEAR'S FINANCIAL STATEMENTS AND APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

(a) In preparing the Group's and the Company's financial statements for the year ended 31 December 2012, the Group has identified certain errors in the comparative financial information presented. A detailed description of the nature is provided as below. The amounts of restatement for each financial statement line item affected are presented in the consolidated statement of changes in equity.

(i) Statutory reserve in the consolidated financial statements

Pursuant to applicable PRC regulations, certain PRC subsidiaries in the Group are required to appropriate 10% of their profit after tax (after offsetting prior year losses) to the statutory reserve until such reserve reaches 50% of their registered capital. Transfers to the reserve must be made before distribution of dividends to shareholders. Upon approval by relevant authorities, the statutory reserve can be utilised to offset the accumulated losses or to increase the registered capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

However, this reserve was included within retained earnings in prior years and not separately identified. The appropriate amounts were re-allocated to this reserve in these financial statements.

(ii) Exchange differences in the Company's financial statements

It has also come to the attention of the directors that there were incorrect measurement of the exchange differences on translating monetary assets and liabilities denominated in foreign currencies to the functional currency of the Company and on translating the Company's statement of financial position items from its functional currency to the presentation currency. Such exchange differences during the year ended 31 December 2011 mainly arose from the Company's amounts due from/(to) subsidiaries. Adjustments for material differences have been made accordingly.

(b) In the current year, the Group has applied the following new and revised HKFRSs issued by the IASIS.

Amendments to IFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets; and
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets

The application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the financial statements.

The Group has not applied any new amendment standard, or interpretation that is not yet effective for the current accounting period.

4. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provide information about components of the Group. These information are reported to and reviewed by the chief operating decision marker ("CODM") for the purposes of resources allocation and performance assessment. The identity of CODM is the board of directors. The CODM considers the business from a business activity perspective. Each of the Group's segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other segments. The Group has the following three reportable segments. No operating segments have been aggregated to form the reportable segments.

(i) the multi-layer ceramic chips ("MLCC") segment engages in the manufacture and sale of MLCC and the trading of MLCC;

(ii) the trading of mobile phone segment engages in the trading of mobile phones; and

(iii) the battery segment engages in the manufacture and sale of batteries.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, non-current assets and current assets that are directly managed by the segments. Segment liabilities include all current liabilities and non-current liabilities attributable to the activities of the individual segments and including bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. To arrive at segment results, the Group allocated income and expense to those segments but excluded interest income, finance costs and change in fair value of Net Contingent Consideration Payable.

In addition to receiving segment information concerning segment result, the Group's CODM is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Information regarding the Group's reportable segments and the reconciliation to the corresponding consolidated totals in the financial statement are shown below.

Year ended 31 December 2012	**MLCC** *RMB'000*	**Trading of mobile phones** *RMB'000*	**Battery** *RMB'000*	**Inter-segment elimination** *RMB'000*	**Total** *RMB'000*
Segment revenue:					
Sales to external customers	**414,143**	**112,993**	**11,199**	**–**	**538,335**
Inter-segment revenue	**–**	**–**	**6,783**	**(6,783)**	**–**
	414,143	**112,993**	**17,982**	**(6,783)**	**538,335**
Segment results	**4,039**	**2,423**	**(3,563)**	**–**	**2,899**
Reconciliation:					
Interest income					**1,393**
Finance costs					**(7,644)**
Change in fair value of Net Contingent Consideration Payable					**3,510**
Profit before taxation					**158**
Segment assets	**736,667**	**165**	**55,556**	**–**	**792,388**
Reconciliation:					
Elimination of inter-segment receivables					**(211)**
Total assets					**792,177**
Segment liabilities	**297,300**	**1,960**	**47,227**	**–**	**346,487**
Reconciliation:					
Elimination of inter-segment payables					**–**
Total liabilities					**346,487**
Other segment information:					
Write-down of inventories recognised in the statement of comprehensive income	**8,077**	**–**	**163**	**–**	**8,240**
Impairment of trade receivables recognized in the statement of comprehensive income	**908**	**–**	**–**	**–**	**908**
Impairment loss of property, plant and equipment	**–**	**–**	**1,903**	**–**	**1,903**
Loss on disposal of property, plant and equipment	**133**	**–**	**–**	**–**	**133**
Depreciation and amortisation	**32,286**	**–**	**820**	**–**	**33,106**
Additions to non-current segment assets during the year*	**18,748**	**–**	**2,807**	**–**	**21,555**
Research and development costs	**7,714**	**–**	**–**	**–**	**7,714**
Interest income	**(1,393)**	**–**	**–**	**–**	**(1,393)**
Finance costs	**7,644**	**–**	**–**	**–**	**7,644**

* Capital expenditure consists of additions to property, plant and equipment including assets from the acquisition of subsidiaries.

Year ended 31 December 2011

	MLCC *RMB'000*	Trading of mobile phones *RMB'000*	Total *RMB'000*
Segment revenue:			
Sales to external customers	357,274	124,128	481,402
Segment results	18,945	5,567	24,512
Reconciliation:			
Interest income			1,179
Finance costs			(8,924)
Profit before taxation			16,767
Segment assets	799,764	33,697	833,461
Reconciliation:			
Elimination of inter-segment receivables			–
Total assets			833,461
Segment liabilities	360,867	29,615	390,482
Reconciliation:			
Elimination of inter-segment payables			(1,416)
Total liabilities			389,066
Other segment information:			
Write-down of inventories recognised in the statement of comprehensive income	1,731	–	1,731
Reversal of impairment of trade receivables recognised in the statement of comprehensive income	(801)	–	(801)
Impairment loss of property, plant and equipment	–	–	–
Loss on disposal of property, plant and equipment	–	–	–
Depreciation and amortization	29,551	–	29,551
Additions to non-current segment assets during the year	61,837	–	61,837
Research and development costs	7,158	–	7,158
Interest income	(1,179)	–	(1,179)
Finance costs	8,924	–	8,924

(a) Geographical segments

(i) Revenue from external customers

The geographical analysis of the Group's revenue from external customers by geographical location based on where the goods are sold and delivered and services are rendered, is as follows:

	2012	2011
	RMB'000	*RMB'000*
Mainland China	**293,673**	216,258
Regions other than Mainland China	**244,662**	265,144
	538,335	481,402

(ii) Non-current assets

No non-current assets and capital expenditure information is presented for the Group's geographical location, as over 90% of the Group's assets are located in Mainland China.

(b) Information about major customers

No single customer contributed 10% or more to the Group's revenue from continuing operations for 2012 and 2011.

(c) Revenue from major products and services

The analysis of the Group's revenue from its major products and services is the same as that set out in note 5.

5. REVENUE

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 is as follows:

	2012	2011
	RMB'000	*RMB'000*
Sale of MLCC	**414,143**	357,274
Sale of battery	**11,199**	–
Trading of mobile phones	**112,993**	124,128
	538,335	481,402

6. OTHER REVENUE AND OTHER NET INCOME

	2012 *RMB'000*	2011 *RMB'000*
Other revenue		
Interest income on financial assets not at fair value through profit or loss — bank interest income	**1,393**	1,179
Rental income	**6,262**	5,745
Government grants	**1,504**	458
Released of government grant as income	**1,055**	1,055
Sale of materials	**2,407**	2,271
Commission income	**975**	–
Sundry income	**252**	647
	13,848	11,355
Other net income		
Fair value gains, net:		
Derivative instruments — transactions not qualified as hedges	**–**	161
	13,848	11,516

7. PROFIT BEFORE TAX

Profit before tax from continuing operations is arrived at after charging/(crediting) the following:

(a) Finance costs

	2012 *RMB'000*	2011 *RMB'000*
Interest on bank loans wholly repayable within five years	**7,644**	8,924
Total interest expense on financial liabilities not at fair value through profit or loss	**7,644**	8,924

(b) Staff costs (including directors' remuneration)

	2012 *RMB'000*	2011 *RMB'000*
Contributions to defined contribution retirement plan	**3,254**	1,585
Salaries, wages and other benefits *(note i and ii)*	**57,045**	52,474
Equity-settled share-based payment expenses	**–**	50
	60,299	54,109

(c) Other items

	Note	**2012** *RMB'000*	2011 *RMB'000*
Cost of inventories		**482,238**	419,064
Depreciation		**32,446**	28,891
Impairment loss of property, plant and equipment		**1,903**	–
Amortisation of prepaid land lease prepayments		**488**	488
Amortisation of other intangible assets		**172**	172
Research and development costs:			
Current year expenditure		**7,714**	7,158
Minimum lease payments under operating leases in respect of buildings		**308**	259
Auditors' remuneration		**2,683**	1,140
Foreign exchange differences, net		**147**	(423)
Write-down of inventories to net realisable value		**8,240**	2,963
Forfeiture of deposit paid for acquisition of property, plant and equipment		**1,100**	–
Impairment/(reversal of impairment) of trade receivables *(note iii)*		**908**	(801)
Loss on disposal of property, plant and equipment		**133**	–
Rental income on investment properties less direct outgoings of RMB348,000 (2011: RMB387,000)	*6*	**(5,914)**	(5,358)

(i) Cost of inventories includes RMB64,382,000 (2011: RMB67,147,000) relating to staff costs and depreciation, which are also included in the respective total amounts disclosed separately above.

(ii) Included in research and development costs are depreciation of RMB137,000 (2011: RMB173,000) and staff costs of RMB3,758,000 (2011: RMB4,736,000), which are also included in the respective total amounts disclosed separately above.

(iii) The impairment of trade receivables are included in "Other expenses" on the face of the consolidated statement of comprehensive income.

8. INCOME TAX

Income tax in the consolidated statement of comprehensive income represents:

	2012 *RMB'000*	2011 *RMB'000*
Current tax — PRC Enterprise Income Tax for the year	**7,961**	2,842
Deferred taxation	**216**	178
Underprovision/(overprovision) in prior years	**140**	(809)
Income tax for the year	**8,317**	2,211

(i) 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.

(ii) 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.

(iii) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI respectively.

(iv) On 31 October 2010, 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 Mainland China, was recognised as a high technology enterprise again and was subject to enterprise income tax rate of 15% from 2011 to 2013.

(v) Except for SZ Eyang mentioned above that was entitled to a preferential tax rate of 15%, the subsidiaries of the Company in Mainland China were required to pay enterprise income tax ("EIT") at the standard rate of 25% during the year.

9. DIVIDEND

(a) No dividend was paid or proposed during 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

(b) Dividends payable to owners of the Company attributable to the previous financial year, approved and paid during the year:

	2012 *RMB'000*	2011 *RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of nil cents per ordinary share (2011: HK3.0 cents)	**–**	10,239

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic (loss)/earnings per share amount is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of ordinary shares of 405,500,000 (2011: 405,500,000) in issue during the year.

The computation of diluted (loss)/earnings per share does not assume the exercise of the Company's outstanding share options as the exercise prices of the share options of the Company are higher than the average market price per share for the years ended 31 December 2012 and 2011.

11. TRADE AND BILLS RECEIVABLES

	2012 *RMB'000*	2011 *RMB'000*
Trade receivables	**185,396**	137,301
Bills receivables	**45,118**	27,112
	230,514	164,413
Less: Impairment	**(8,641)**	(7,733)
	221,873	156,680

(a) An aged analysis of the trade receivables as at the end of the reporting period based on the invoice date is as follows:

	2012 *RMB'000*	2011 *RMB'000*
Within 90 days	**132,996**	117,730
91 to 180 days	**42,171**	11,145
181 to 360 days	**1,762**	693
1 to 2 years	**1,239**	573
Over 3 years	**7,228**	7,160
	185,396	137,301

(b) An aged analysis of the bills receivables as at the end of the reporting period based on bills issued date is as follows:

	2012 *RMB'000*	2011 *RMB'000*
Within 90 days	**30,354**	16,840
91 to 180 days	**14,764**	10,239
181 to 360 days	**–**	33
	45,118	27,112

12. TRADE AND BILLS PAYABLES

	2012 *RMB'000*	2011 *RMB'000*
Trade payables	**118,022**	69,439
Bills payables	**1,418**	–
	119,440	69,439

(a) An aged analysis of the trade payables as at the end of the reporting period based on the invoice date is as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 90 days	**84,386**	65,352
91 to 180 days	**31,693**	3,433
181 to 360 days	**1,077**	13
1 to 2 years	**194**	623
Over 2 years	**672**	18
	118,022	69,439

(b) An aged analysis of the bills payables as at the end of the reporting period based on bills issued date is as follows:

	2012	2011
	RMB'000	*RMB'000*
Within 90 days	**629**	–
91 to 180 days	**668**	–
181 to 360 days	**121**	–
	1,418	–

13. BUSINESS COMBINATION

On 25 September 2012, the Group entered into a share purchase agreement ("Share Purchase Agreement") with the vendors, pursuant to which the Group has conditionally agreed to purchase 100% of the equity interest of Shenzhen Eyang Energy Company Limited and its subsidiary (the "Energy Group") which was engaged in the manufacture and sale of batteries, for a consideration payable of RMB36 million ("Consideration Payable"). The amount would be adjusted if the audited consolidated net profit after tax and before extraordinary items of the Energy Group for the year ended 31 December 2012 should be less than RMB8 million ("Guaranteed Profit"). The acquisition was completed on 12 November 2012.

The vendors ("Original Vendors") were Ms. Shuang Mei ("Ms. Shuang"), non-executive director (who resigned on 25 January 2013) and shareholder of the Company and Mr. Liao Jie ("Mr. Liao"), executive director (who resigned on 18 September 2013) and shareholder of the Company, and Shenzhen Eyang Investment Group Limited ("SZ Eyang Investment"). Mr. Chen Weirong ("Mr. Chen"), Mr. Liao and Mr. Xu Chuncheng ("Mr. Xu") (retired on 18 September 2013), executive directors of the Company and Ms. Shuang were the shareholders of SZ Eyang Investment.

In the event that the audited consolidated net profit after tax and before extraordinary items ("Actual Net profit") is less than the Guaranteed Profit, the vendors should pay to the Group an amount ("Shortfall Compensation") calculated in accordance with the following formula:

Shortfall Compensation = (Guaranteed Profit – Audited Net Profit) X 4.5

If the Energy Group should record a net loss in the audited financial statements for the full year of 2012, the Actual Net Profit shall be deemed to be zero.

The Consideration Payable after deduction of the Shortfall Compensation ("Net Contingent Consideration Payable") shall not in any event be lower than the net assets of the Energy Group as at 31 December 2012 in such audited financial statements.

The consideration should be settled by the Group on 31 December 2013 or on such later date as both vendors and the Group may agree.

The directors of the Company considered that the business combination would allow the Group to expand into the battery business, which had a wide application on renewable energy.

As the Energy Group recorded a net loss for the year ended 31 December 2012, the adjusted consideration should equal to the audited net asset of the Energy Group as at 31 December 2012.

During the period from the date of acquisition to the end of the reporting period, the Energy Group contributed RMB11,199,000 to the revenue of the Group and a loss of RMB4,846,000 to the loss of the Group for the year ended 31 December 2012.

Had the acquisition occurred on 1 January 2012, the revenue and loss of the Group for the year ended 31 December 2012 would have been RMB618,430,000 and RMB9,142,000 respectively. The directors considered these 'pro-forma' numbers represent an approximate measurement of the performance of the combined group on an annualized basis for providing a reference point for comparison in future periods.

The following table summarises the consideration paid for Energy Group, the fair value of assets acquired and liabilities assumed at the acquisition date.

	RMB'000
Consideration:	
At acquisition date	
Fair value of the Net Contingent Consideration Payable	3,510
The fair values of the identifiable assets acquired and liabilities assumed at the acquisition date were as follows:	
Plant and equipment	2,799
Cash and bank balances	885
Trade receivables	36,834
Prepayments, deposits and other receivables	19,258
Inventories	5,145
Tax payable	(8,292)
Trade payables	(36,133)
Accruals and other payables	(15,810)
Identifiable net assets	4,686
Indemnification asset receivable	8,292
Deemed contribution from the shareholders	(9,468)
	3,510

At the date of acquisition, the fair value of the Net Contingent Consideration Payable represented the present value of the higher of (i) excess of the Consideration Payable over the estimated Shortfall Compensation or (ii) the estimated net assets of the Energy Group as at 31 December 2012 in the audited financial statements.

The estimated Shortfall Compensation and the estimated net assets of the Energy Group as at 31 December 2012 in the audited financial statements were determined by applying income approach and projected payoff using the Monte Carlo simulation for the year ended 31 December 2012 of the Energy Group. In accordance with the Share Purchase Agreement, the range of outcomes (undiscounted) of the Net Continent Consideration Payable should be RMB nil to RMB36 million.

Subsequent to the acquisition date, the fair value of the Net Contingent Consideration Payable decreased from RMB3,510,000 to nil, as a result of the fact that Energy Group recorded a net loss for the year ended 31 December 2012 and had net liabilities at 31 December 2012 was RMB352,000.

Acquisition related costs amounting to RMB410,000 have been excluded from the consideration transferred and have been recognised as administrative expenses in the current year in the consolidated statement of comprehensive income.

As the total consideration transferred by the Group for the acquisition of Energy Group was lowered than the fair value of the net assets acquired, deemed contribution from the shareholders of RMB9,468,000 was recognised immediately in contribution surplus in the reserve.

The acquired trade and other receivables with a fair value of RMB36,834,000 had gross contractual amount of RMB36,834,000. The best estimate at the acquisition date of contractual cash flows not expected to be collected is nil.

The vendors have contractually agreed to indemnify the Group for the underprovision of tax payable for the pre-acquisition period. An indemnification asset of RMB8,292,000 equivalent to the fair value of the indemnified liability, has been recognised by the Group. As is the case with the indemnified liability there has been no change in the amount recognised for the indemnification asset as at 31 December 2012, as there has been no change in the range of outcomes or assumptions used to develop the estimate of the liability.

Subsequent to 31 December 2012, on 15 November 2013, the Group entered into a share disposal agreement ("Share Disposal Agreement") with the Original Vendors under which it was agreed that the Original Vendors should repurchase 100% of the equity interest of the Energy Group ("Disposal"). In addition, since the audited financial statements of the Energy Group prepared in accordance with the generally accepted accounting principles in Hong Kong have not yet been finalized as at signing date of the Share Disposal Agreement, the Group and the Original Vendors agreed to amend the terms of the Share Purchase Agreement such that references to "audited consolidated accounts" of the Energy Group were amended to"unaudited consolidated management accounts" of the Energy Group. The Group and the Original Vendors further confirmed that the amount of Net Contingent Consideration Payable by the Group to the original vendors under the Share Purchase Agreement should be adjusted to RMB9,200,000 ("Adjusted Consideration Payable") being the amount of the net assets of the Energy Group at 31 December 2012 as recorded in such unaudited consolidated management accounts.

The Share Disposal Agreement was approved, confirmed and ratified by an extraordinary general meeting held on 24 December 2013 and the Disposal was completed on 27 December 2013.

Pursuant to the Share Disposal Agreement, the total consideration payable by the Original Vendors to the Group was RMB10,400,000 in which RMB9,200,000 ("Set-off Consideration") was set off against the Adjusted Consideration Payable and the remaining consideration of RMB1,200,000 shall be satisfied by the Original Vendors in cash on 31 December 2013 or later. The disposal of Energy Group was completed on 27 December 2013.

The directors of the Company considered that the Adjusted Consideration Payable for the acquisition of the Energy Group was a non-adjusting event after the year ended 31 December 2012 and the consideration for the acquisition of Energy Group should be based on the Share Purchase Agreement signed on 25 September 2012 and should be valued at fair value in accordance with HKFRS 3 *Business Combinations*.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2012.

"Basis for disclaimer of opinion

(1) *Scope limitation — Prior year's audit scope limitation affecting opening balances and corresponding figures*

As detailed in the auditor's report dated 30 March 2012, a qualified opinion was issued by the predecessor auditor on the consolidated financial statements for the year ended 31 December 2011 on the trading of mobile phones (the "Mobile Phone Business") with two foreign enterprises in Africa (the "Africa Customers"). During the year ended 31 December 2011, in respect of the Mobile Phone Business, the Group recorded revenue and segment profit of RMB124,128,000 and RMB5,567,000, respectively, and corresponding trade receivables with a carrying amount of RMB25,249,000 at 31 December 2011. The predecessor auditor was unable to obtain sufficient appropriate audit evidence about the sales of mobile phones to the Africa Customers and the corresponding trade receivables because (i) there was inadequate documentary evidence available for the predecessor auditor to verify the identity of the Africa Customers and the delivery of mobile phones; (ii) there was no satisfactory explanation provided to the predecessor auditor to explain the reason for the cash received by the Group totaling RMB98,879,000 during the year ended 31 December 2011 and RMB25,249,000 subsequent to 31 December 2011 being transacted through intermediaries for the settlement of the recorded sale transactions; (iii) the predecessor auditor was unable to carry out any effective confirmation procedure in relation to the sales of mobile phones for the purpose of the audit and (iv) there were no alternative audit procedures that the predecessor auditor could perform to satisfy themselves as to whether the above transactions and balances recorded under the Mobile Phone Business were free from material misstatement for the year ended 31 December 2011.

Any adjustments that might have been found to be necessary in respect of the above would have had a consequential effect on (i) the net assets of the Group as at 31 December 2011, and (ii) the Group's revenue, results and cash flows for the year ended 31 December 2011 and the related disclosures in the financial statements.

The comparative figures disclosed in the consolidated financial statements for the year ended 31 December 2012 are based on the audited financial statements of the Group for the year ended 31 December 2011 in respect of which the predecessor auditor's report dated 20 March 2012 expressed a qualified opinion. Therefore, the comparative figures shown may not be free from material misstatement and any adjustments to the opening balances as at 1 January 2012 would have a consequential effect on the loss for the year ended 31 December 2012 and the net assets of the Group as at 31 December 2012.

(2) Scope limitation — Mobile Phone Business

During the year ended 31 December 2012, in respect of the Mobile Phone Business, the Group recorded sales, costs of sales and segment profit of RMB112,993,000, RMB109,130,000 and RMB1,819,000 respectively. We were unable to obtain sufficient appropriate audit evidence about the sales of mobile phones to customers and the corresponding cost of sales and segment profit because (i) there was inadequate documentary evidence available for us to verify the delivery of mobile phones both from the suppliers and to the customers; (ii) there was inadequate documentary evidence available for us to verify the identity of all customers; (iii) there was no satisfactory explanation provided to us to explain the reasons for the bank receipts of the Group totaling RMB30,543,000 and the bank payments of the Group totaling RMB48,281,000 during the year ended 31 December 2012 being transacted through intermediaries for the settlement of the recorded sales and purchase transactions; (iv) we were unable to carry out any effective confirmation procedure in relation to the sales and purchase of mobile phones for the purpose of our audit; and (v) we were unable to obtain sufficient appropriate audit evidence to verify the occurrence and accuracy of these sales and purchase and there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the sales and purchases transactions recorded under the Mobile Phone Business were free from material misstatement.

Any adjustments that might have been found to be necessary in respect of the above would have a consequential significant effect on the financial position of the Group as at 31 December 2012, the loss and cash flows of the Group for the year then ended and the related disclosures in the consolidated financial statements.

Disclaimer of opinion

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 and of the Group's loss for the year then ended in accordance with International Financial Reporting Standards and as to whether the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance. In all other aspects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without further qualifying our opinion, we draw attention to an allegation of false accounting regarding the Mobile Phone Business of the Group ("the Allegation") as more fully disclosed in note 2(b)(ii) to the consolidated financial statements. A Special Committee was set up by the Company to investigate into the Allegation. According to the results of the investigation, there was no false accounting identified in the Mobile Phone Business as alleged.

Other matter

The consolidated financial statements of the Group for the year ended 31 December 2011 were audited by another auditor who expressed a qualified opinion on those financial statements in their report dated 30 March 2012."

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

In 2012, the global economy was still under depression, and there was no rebound of demand for electronic products. For this reason, demand for MLCC products, which are located in the upstream of the electronic industry, lost momentum to grow and competition among the industry intensified. As a result, as of 31 December 2012, the revenue of the Group increased by RMB56.9 million to RMB538.3 million, representing a growth of 11.8% as compared to that of 2011. The gross profit increased by RMB0.3 million to RMB64.3 million, representing a rise of 0.4%. In particular, the sales revenue from MLCC was RMB414.1 million, representing a growth of 15.9% over that of 2011, but a decrease of 1.3% in gross profit margin. In 2012, loss attributable to shareholders of the Company amounted to RMB8.2 million.

As part of the Group's effort to venture into the production and sale of lead-acid batteries and benefit from the rapid emergence of the renewable energy market on 25 September 2012, the Company signed a sale and purchase agreement with related parties, Shenzhen Eyang Investment Group Limited, Ms. Shuang Mei and Mr. Liao Jie (as vendors) through Shenzhen Weichang New Energy Co., Limited, an indirect wholly-owned subsidiary, to purchase the entire equity interest in Shenzhen Eyang Energy Company Limited. The completion of the Acquisition took place on 12 November 2012. However, after completion of the Acquisition, Shenzhen Eyang Energy Company Limited recorded weak financial performance and a loss in 2012. The business operation was also adversely affected by certain external factors, such as the new rules and requirements regulating enterprises engaged in the production of lead-acid batteries issued by the PRC government authorities. The Board of the Group has noted that such new regulations, which cover a considerable range of stringent requirements may have unexpected adverse impact on the business operations as well as the developing opportunities for the newly acquired company. Given the fact that the company is no longer capable of offering the Group relevant opportunities, on 15 November 2013, Shenzhen Weichang New Energy Co., Limited entered into the Share Disposal Agreement with the original vendors, under which the original vendors agreed to repurchase the entire equity interest in Shenzhen Eyang Energy Company Limited from Shenzhen Weichang New Energy Co., Limited. For details, please refer to the notice of extraordinary general meeting of the Group dated 9 December 2013.

Revenue from Principal Business

The revenue of the Group's business for 2012 increased by RMB56.9 million to RMB538.3 million, representing an 11.8% increase over that of 2011; this was mainly due to the increase in revenue of the Group's MLCC business and the revenue generated by the battery business acquired on 12 November 2012.

In particular, the revenue of the Group's MLCC business was RMB414.1 million, representing an increase of 15.9% over 2011. This was mainly attributable to the reclamation and expansion of market share as a result of adjustment in the Group's marketing strategies during the second half of 2012.

The revenue from the Group's mobile phone trading business for 2012 was RMB113.0 million, representing a decrease of 9.0% over that of 2011.

Revenue of the newly acquired battery business, which was incorporated into the Group's statements for the year 2012 after the date of acquisition, was RMB11.2 million.

Gross Profit Margin

The gross profit margin of the Group for 2012 was 12.0%, representing a decrease of 1.3% as compared to that of 2011. This was mainly due to the decline in the gross profit margin of MLCC.

The gross profit margin of the Group's MLCC business for 2012 was 14.6%, representing a decrease of 1.3% as compared to 15.9% of 2011.

The gross profit margin of the Group's mobile phone trading business for 2012 was 3.4%, representing a decrease of 2.6% as compared to 6.0% of 2011.

The gross profit margin of the Group's newly acquired battery business for 2012 was -0.6%.

Other Revenue and Other Net Income

Other revenue and other net income of the Group for 2012 were RMB13.8 million, representing an increase of RMB2.3 million as compared to that of 2011. This was mainly benefited from the increase of RMB1.0 million in government grants in 2012 as compared with that of 2011, and the increase of RMB0.5 million in rental revenue.

Selling and Distribution Costs

The selling and distribution costs of the Group for 2012 were RMB18.3 million, representing an increase of 39.3% over that of 2011. This was mainly due to the rise in operating costs associated with the growth in MLCC sales revenue.

Management Costs

The management costs of the Group for 2012 were RMB38.0 million, representing an increase of 40.1% over that of 2011. This was mainly due to (i) the increase in the wages, welfare and social insurance for the staff; (ii) the upward adjustment in rates and scope of certain taxes of the Group's subsidiaries in the Mainland.

Research and Development Costs

The research and development costs of the Group for 2012 were RMB7.7 million, representing an increase of 7.8% over that of 2011. This was mainly due to the increased investment in new product research and development.

Other Expenses

Other expenses of the Group for 2012 were RMB9.9 million, representing an increase of 298.6% over that of 2011. This was mainly due to the increase in provision for inventory falling price reserves.

Finance Costs

The finance costs of the Group for 2012 were RMB7.6 million, representing a RMB1.3 million decrease over that of 2011. This was mainly attributable to the greater focus on implementation of appropriate financing strategies and effective control of finance costs.

Income Tax

Income tax of the Group for 2012 amounted to approximately RMB8.3 million, representing an increase of RMB6.1 million over that of 2011. This was mainly due to the increase in earnings of some of the Group's subsidiaries.

Gearing Ratio

The Group monitors its capital through gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated as the sum of bank loans, trade and bills payables and other payables and accruals (excluding deferred income, deposits from customers and provision of warranty) less cash and cash equivalent. Capital represents equity attributable to the owners of the Company (excluding share capital). As at 31 December 2011 and 2012, the gearing ratio of the Group was approximately 34% and 40% respectively.

Property, Plant and Equipment

The net book value as at 31 December 2012 was RMB277.4 million, representing a decrease of RMB16.8 million from that of 2011. This was mainly due to: (i) depreciation of approximately RMB31.7 million with respect to the Group's property, plant and equipment. (ii) The Group's new MLCC production equipment and construction in process valued at approximately RMB21.6 million.

Investment Properties

The Group's investment properties for 2012 amounted to RMB26.6 million, representing an increase of RMB0.3 million over 2011. This was mainly due to the slight increase in property for lease.

Other Intangible Assets

The other intangible assets of the Group for 2012 amounted to RMB1.0 million, representing a decrease of RMB0.2 million when compared to that of 2011. This was mainly due to the amortisation of intangible assets associated with the Group's SAP management software.

Trade and Bills Receivables

As at 31 December 2012, the net book values of trade and bills receivables were RMB221.9 million, representing an increase of RMB65.2 million from that of 2011. This was mainly due to the increase in trade receivables as a result of the MLCC revenue growth, and trade receivables from the newly acquired battery business.

Prepayments, Deposits and Other Receivables

As at 31 December 2012, prepayments, deposits and other receivables of the Group were RMB32.1 million, representing an increase of RMB7.8 million from that of 2011, primarily due to an increase in indemnification asset receivables for Energy's original shareholders.

Cash and Bank Balances and Pledged Bank Deposits

As at 31 December 2012, cash and bank balances and pledged bank deposits of the Group were RMB88.7 million, representing a decrease of RMB103.0 million compared to that of 2011. This was mainly due to the issuance of letter of credits and a decrease in bills receivables as well as pledged bank deposits.

Trade and Bills Payables

As at 31 December 2012, the balance of the Group's trade and bills payables was increased by approximately RMB50.0 million from that at the end of 2011, while the balance of bills payables increased by RMB1.4 million. It was mainly due to: (i) the fact that the credit term granted by the Group's suppliers to the Group was extended; (ii) the Group increased its monthly purchase; (iii) the increase in bills payables was due to the fact that the Group issued bank acceptance bills to suppliers who opt to settle in the form of bills.

Deferred Income, Accruals and Other Payables

As at 31 December 2012, deferred income, accruals and other payables of the Group were RMB45.8 million, representing an increase of RMB9.6 million from that of 2011. The increase in deferred income, accruals and other payables was mainly due to the corresponding increase in year end bonus, which led to an increase of RMB2.3 million in staff remuneration payables at the end of the year, the additional auditing costs of RMB1.5 million, after-sale expenditures of RMB2.5 million incurred by the newly acquired battery business, as well as the increase in other tax payable of RMB9.8 million.

Bank Loans

As at 31 December 2012, outstanding bank loans of the Group amounted to RMB144.6 million, representing a decrease of RMB117.0 million over that of 2011, which was mainly due to the fact that bank loans increased as a result of capital needs generated by the major purchase of MLCC production equipment in 2011, while there were no such needs in 2012.

Contingent Liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

Commitments

As at 31 December 2012, the capital commitments of the Group were RMB0.1 million, representing a decrease of RMB25.4 million over that of 2011, which was mainly due to the decrease in new outstanding contracts in 2012 after the execution of outstanding contracts entered into in 2011, during which an increase in the Group's equipment purchasing contracts was recorded as a result of expansion in MLCC production.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net Current Asset

As at 31 December 2012, the Group had net current assets of approximately RMB125.5 million, including current assets of RMB463.8 million and current liabilities of RMB338.3 million.

Banking Facilities

As at 31 December 2012, the Group had aggregate banking facilities of approximately RMB390.3 million, of which approximately RMB244.5 million had not been utilized.

Foreign Currency Risk

In 2012, the Group's sales were mainly denominated in RMB, US dollars and Hong Kong dollars, while its purchases were mainly denominated in RMB, US dollars, Hong Kong dollars and Japanese Yen. The trade receivables denominated in US dollars and Hong Kong dollars were greater than the trade payables denominated in US dollars and Hong Kong dollars. Meanwhile, the Group is exposed to risks in respect of trade payables denominated in Japanese Yen, but is basically not exposed to risks in respect of trade receivables denominated in Japanese Yen. In the event of vigorous fluctuation of the exchange rate, foreign currencies risk will exist to a certain extent.

Staff

For the year ended 31 December 2012, the Group had a total of 1,119 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 2012.

CORPORATE GOVERNANCE

The Company has made every effort to apply all relevant code provisions as stipulated in the Code on Corporate Governance Practices ("Code on CG") during the period from 1 January 2012 to 31 March 2012 and those of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the period from 1 April 2012 to 31 December 2012. The Board fully understands that a higher standard of corporate governance is the common view shared by market participants and a review is underway to look for ways to further improve the Company's corporate governance practice to ensure they comply with the tightened regulatory requirements and meet the expectation of shareholders and investors.

Internal Control

The principle underlying the code provision C.2.1 and C.2.2 of the CG Code is that the Board should ensure that the issuer maintains sound and effective internal controls to safeguard the shareholders' investment and the issuer's assets.

In view of the qualified opinion issued by Ernst & Young, the former auditors of the Group for the financial year ended 31 December 2011, the Audit Committee came to a conclusion that a thorough review of the Group's internal control was necessary and put forward before the Board a proposal of engaging an external internal control consultant to conduct an internal control review. The proposal was concurred by the Board and Shinewing Risk Services Limited ("Shinewing") was subsequently appointed in July 2012. A draft of an interim review was issued by Shinewing in November 2012 with focus on the operation of Hong Kong Wei Chang NER Co., Limited, the wholly owned subsidiary of the Company carrying out the mobile phone trading business, detailing its findings and proposed improvements. By the end of the year, the mobile trading business ceased to operate. The audit committee and the Board opined that the review of internal control of the Group should be extended as an ongoing process to the year 2013 to evaluate and identify the shortcomings of the Group's internal control system and implement the corresponding remedial procedures.

Corporate Governance Practice

During the year, directors' training (CG Code A.6.5) was not arranged due to the limited resources and manpower as well as the busy schedules of the directors. Also the Company had not commenced issuance of a monthly update on the Group's business performance (CG Code C.1.2) as the finance department underwent a thorough review of the department operation and allocation of manpower. The Board was in the process of identifying suitable insurer to arrange appropriate insurance cover in respect of legal action against its directors. The company secretary of the Company has taken no less than 15 hours of relevant professional training during the financial year. No meeting for the Nomination Committee and Remuneration Committee was held during the year. The Board understands that compliance with the revised CG Code is the essence of lifting the Company's corporate governance standard to meet public's higher expectation and the Board would strive to meet the requirements of the CG Code as soon as practicable.

AUDIT COMMITTEE

The Audit Committee comprises five independent non-executive Directors, namely, Mr. Chu Kin Wang, Peleus (Chairman of the Audit Committee), Mr. Pan Wei, Mr. Liu Huanbin, Mr. Liang Rong and Mr. Mak Ka Wing, Patrick. 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, internal control procedures, risk management 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 2012 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 2012.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2012 (2011: nil).

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 July 2014

As at the date of this announcement, the Board comprises Mr. Chen Weirong, Mr. Jing Wenping and Mr. Wang Ye as Executive Directors, Mr. Cheng Wusheng, Mr. Zhang Zhilin and Mr. Chen Hao as Non-executive Directors and Mr. Pan Wei, Mr. Liu Huanbin, Mr. Chu Kin Wang, Peleus, Mr. Liang Rong and Mr. Mak Ka Wing, Patrick as Independent Non-executive Directors.