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)

ANNOUNCEMENT

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The Board of Directors (the "Board") of EYANG Holdings (Group) Co., Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009, together with the comparative figures for the corresponding period of 2008.

The unaudited condensed consolidated interim results have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2009

		Unaudited	
		Six months ended 30 June	
		2009	2008
	Notes	***RMB'000***	*RMB'000*
REVENUE	3	**310,243**	365,630
Cost of sales		**(277,282)**	(319,094)
Gross profit		**32,961**	46,536
Other income	4	**2,751**	3,114
Selling and distribution costs		**(14,051)**	(12,318)
Administrative expenses		**(6,351)**	(12,296)*
Research and development costs		**(9,041)**	(6,752)
Other expenses		**(2,504)**	(2,321)*
Finance costs	5	**(484)**	(556)
PROFIT BEFORE TAX		**3,281**	15,407
Tax	6	**1,871**	(4,507)
PROFIT FOR THE PERIOD		**5,152**	10,900

		Unaudited	
		Six months ended 30 June	
		2009	2008
	Notes	***RMB'000***	*RMB'000*
Other comprehensive income:			
Exchange realignment		**6**	(1,728)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**5,158**	9,172
Profit for the period attributable to:			
Equity holders of the Company		**5,152**	10,900
Total comprehensive income for the period attributable to:			
Equity holders of the Company		**5,158**	9,172
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic	7	**1.3 cents**	2.7 cents

* items are reclassified for consistency

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	**30 June 2009** *RMB'000* **(Unaudited)**	31 December 2008 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**248,628**	257,730
Investment properties		**10,267**	10,345
Land lease prepayments	9	**22,048**	22,293
Deferred tax assets		**1,043**	1,039
Total non-current assets		**281,986**	291,407
CURRENT ASSETS			
Inventories		**122,201**	111,552
Trade and bills receivables	10	**137,219**	95,533
Prepayments, deposits and other receivables		**17,278**	18,616
Derivative financial instruments		**—**	454
Cash and bank balances		**83,503**	109,925
Pledged bank deposits		**32,568**	49,870
Total current assets		**392,769**	385,950
CURRENT LIABILITIES			
Trade and bills payables	11	**195,363**	161,235
Deferred income, accruals and other payables		**30,780**	50,825
Tax payable		**8,481**	12,526
Provisions		**4,025**	3,699
Interest-bearing bank loans		**29,653**	41,993
Dividends payable		**171**	171
Due to related parties		**5,088**	12,210
Total current liabilities		**273,561**	282,659
NET CURRENT ASSETS		**119,208**	103,291
TOTAL ASSETS LESS CURRENT LIABILITIES		**401,194**	394,698
NON-CURRENT LIABILITIES			
Deferred income		**4,777**	5,080
Deferred tax liabilities		**1,204**	955
Total non-current liabilities		**5,981**	6,035
Net assets		**395,213**	388,663
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**3,824**	3,824
Reserves		**391,389**	384,839
Total equity		**395,213**	388,663

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

EYANG Holdings (Group) Co., Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in manufacturing and sales of multi-layer ceramic capacitor ("MLCC") and mobile phones.

The Company is a limited liability company incorporated in the Cayman Islands and its 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. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These condensed consolidated interim financial results are presented in Renminbi ("RMB") except when otherwise stated and have not been audited.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and are in compliance with International Accounting Standard 34 "Interim financial reporting" issued by the International Accounting Standard Board (the "IASB"). These unaudited condensed consolidated interim results should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2008.

Except as described below, the accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2008.

2.1 Impact of New and Revised International Financial Reporting Standards

For the current interim period, the Group has adopted for the first time a number of new and revised International Financial Reporting Standards (the "new IFRSs") which comprise International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS") and Interpretations ("IFRIC") issued by the IASB and are effective for the Group's financial year beginning 1 January 2009.

IFRSs (Amendments)	Improvements to IFRSs May 2008[1]
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*
IAS 1 (Revised)	*Presentation of Financial Statements*
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*
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*

While adoption of IFRS 7 Amendments, IFRS 8 and IAS 1 (Revised) may result in new or amended disclosures, the new IFRSs are unlikely to have material effect on the results and financial position of the Group for the current and prior periods. Accordingly, no prior period adjustment has been required.

2.2 Impact of Issued but Not Yet Effective International Financial Reporting Standards

The Group has not early applied the following new and revised standards or interpretations that have been issued but not yet effective.

IFRSs (Amendments)	Improvements to IFRSs May 2008[1]
IFRSs (Amendments)	Improvements to IFRSs April 2009[2]
IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*[3]
IFRS 3 (Revised)	*Business Combinations*[3]
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*[3]
IAS 39 Amendment	Amendments to IAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*[3]
IFRIC 17	*Distribution of Non-cash Assets to Owners*[3]
IFRIC 18	*Transfer of Assets from Customers*[3]

[1] Amendment to IFRS 5 effective for annual period beginning on or after 1 July 2009.

[2] Effective for the annual period beginning on or after 1 July 2009 and 1 January 2010 as appropriate.

[3] Effective for the annual period beginning on or after 1 July 2009.

The Group is in process of assessing the impact of the above new and revised IFRSs upon initial application. So far, it is in the opinion that these new and revised IFRSs have no material impact on the Group's results and financial position.

3. SEGMENT INFORMATION

The chief decision-maker of the Group reviews internal reporting in order to assess performance and allocate resources. Management of the Group has determined the operating segments based on these reports. The Group's business is structured and organized in such a way that each operating segment is managed and operated separately, representing a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other operating segments.

Summary details of the operating segments are as follows:

1. MLCC business engages in manufacture, sale and trading of multi-layer ceramic chips ("MLCC") which are basic electronic components widely used in electronic products.

2. Mobile phone segment is involved in manufacture and sale of mobile phones of its own brand in the PRC.

The Group's inter-segment transactions during the period were transacted on similar terms and conditions as those for sales to third parties at the then prevailing market prices.

The following tables present revenue and profit, assets and liabilities for these operating segments of the period.

	MLCC *RMB'000*	Mobile phones *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Unaudited six months ended 30 June 2009				
Segment revenue				
Sales to external customers	128,572	181,671	—	310,243
Intersegment sales	1,027		(1,027)	—
Other income	1,292	198	—	1,490
Total	130,891	181,869	(1,027)	311,733
Segment results	22,001	(10,703)		11,094
Bank interest income and other unallocated income				1,261
Corporate and other unallocated expenses				(8,590)
Finance costs				(484)
Profit before tax				3,281
Tax				1,871
Profit for the period				5,152
Segment assets	518,911	144,299		663,210
Unallocated assets				11,545
Total assets				674,755
Segment liabilities	148,861	120,854		269,715
Unallocated liabilities:				
Deferred tax liabilities and tax payable				9,656
Dividend payable				171
Total liabilities				279,542

	MLCC *RMB'000*	Mobile phones *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Unaudited six months ended 30 June 2008				
Segment revenue				
Sales to external customers	109,368	256,262	—	365,630
Intersegment sales	2,515	—	(2,515)	—
Other income	598	—	—	598
Total	112,481	256,262	(2,515)	366,228
Segment results	24,784	(3,178)		21,468
Bank interest income and other unallocated income				2,516
Corporate and other unallocated expenses				(8,021)
Finance costs				(556)
Profit before tax				15,407
Tax				(4,507)
Profit for the period				10,900
Segment assets	438,728	230,167	—	668,895
Unallocated assets				5,289
Total assets				674,184
Segment liabilities	107,347	170,902		278,249
Unallocated liabilities:				
Deferred tax liabilities and tax payable				10,231
Dividend payable				171
Total liabilities				288,651

The following table presents geographic information for the Group's revenue:

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Sales to external customers:		
Mainland China	**184,988**	262,140
Hong Kong and Macau	**109,380**	96,087
America and Europe	**1,206**	587
Taiwan	**5,355**	4,124
India	**4,634**	2,692
Other	**4,680**	—
	310,243	365,630

4. OTHER INCOME

An analysis of other income is as follows:

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Other income		
Bank interest income	**247**	428
Sale of materials	**587**	843
Amortisation of deferred income	**403**	598
Rental income	**1,261**	719
Others	**253**	526
	2,751	3,114

5. FINANCE COSTS

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Interest on bank loans	**484**	556

6. 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 period.

The Company's subsidiaries, Shenzhen Eyang Technology Development Co., Ltd. ("SZ Eyang") (深圳市宇陽科技發展有限公司) and Shenzhen Eycom Technology Co., Ltd. ("SZ Eycom") (深圳市億通科技有限公司) are located in the Shenzhen Special Economic Zone. Following the award of certificate of high and new technology enterprise on 16 December 2008, SZ Eyang is entitled to a 15% rate of corporate income tax ("CIT") for three years commencing from 2008 financial year. However the official approval of the said tax benefits was not yet granted at the date of the Group's annual results announcement for the year 2008, which resulted in the fact that the benefit of high and new technology enterprise was not fully reflected in the Group's tax expense for the year 2008. According to the relevant income tax laws and regulations of the PRC for manufacturing enterprises, SZ Eycom is exempted from CIT for two years from its first year with assessable profits after deducting the tax losses brought forward and a 50% tax exemption for the next three years. The year ended 31 December 2006 was SZ Eycom's first profit-making year and was the first year of its tax holiday.

Pursuant to the State Council Circular on the Implementation of the Transitional Concession Policies for Corporate Income Tax (Guo Fa [2007] no. 39), enterprises previously entitled to tax concession shall have a grace period of 5 years commencing on 1 January 2008. Enterprises previously entitled to a 15% corporate income tax rate will be subject to tax rate of 18% in 2008, 20% in 2009, 22% in 2010, 24% in 2011 and 25% in 2012 and so on.

The qualification of high and new technology enterprise entitles the branch of SZ Eyang in Dongguan to a 15% rate of CIT for the six months ended 30 June 2009 (2008: 25%). The branch of SZ Eycom and Dongguan Eyang Technology Development Co., Ltd. ("DG Eyang") (東莞市宇陽科技發展有限公司) are located in Dongguan and are subject to 25% CIT on their assessable profits for the six months period ended 30 June 2009 (2008: 25%).

	Unaudited Six months ended 30 June	
	2009	2008
	RMB'000	*RMB'000*
Group:		
Current — PRC CIT for the period	**1,583**	4,334
Over provision in prior year	**(3,699)**	—
Deferred	**245**	173
Total tax charge for the period	**(1,871)**	4,507

7. EARNINGS PER SHARE

Basis earning per share is calculated on the basis of profit for the period attributable to equity holders of the Company of RMB5,152,000 (2008: RMB10,900,000) and the weighted average 405,500,000 ordinary shares in issue during the period (2008: 405,077,000 ordinary shares).

The outstanding share options during the period had no dilutive effective, hence no diluted earnings per share amount has been presented (2008: Nil).

8. PROPERTY, PLANT AND EQUIPMENT

For the six months period ended 30 June 2009 the total additions of property, plant and equipment amounted to approximately RMB451,623 (2008: approximately RMB53,992,000).

9. LAND LEASE PREPAYMENTS

	30 June 2009	31 December 2008
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Opening balance	**22,781**	10,958
Additions during the period/year	**—**	12,119
Amortisation	**(245)**	(296)
Carrying amount	**22,536**	22,781
Current portion included in prepayments, deposits and other receivables	**(488)**	(488)
Non-current portion	**22,048**	22,293

The Group's leasehold land is held under a medium term lease and is situated in Mainland China.

10. TRADE AND BILLS RECEIVABLES

	30 June 2009 *RMB'000* (Unaudited)	31 December 2008 *RMB'000* (Audited)
Trade receivables	**133,770**	98,613
Impairment	**(4,410)**	(3,080)
	129,360	95,533
Bills receivable	**7,859**	—
	137,219	95,533

The Group's trading terms with its customers are mainly on credit. The credit period for MLCC and mobile phone customers are generally two to three months and one month respectively. Overdue balances are reviewed regularly by management.

The bills receivable will all be mature within 180 days.

The aged analysis of the trade receivables as at the statement of financial position date, based on the invoice date, is as follows:

	30 June 2009 *RMB'000* (Unaudited)	31 December 2008 *RMB'000* (Audited)
Within 90 days	**116,554**	84,815
91–180 days	**11,930**	10,113
181–360 days	**913**	605
1 to 2 years	**—**	—
Over 2 years	**4,373**	3,080
	133,770	98,613

11. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the statement of financial position date, based on the invoice date, is as follows:

	30 June 2009 *RMB'000* (Unaudited)	31 December 2008 *RMB'000* (Audited)
Within 90 days	**99,074**	107,572
91 to 180 days	**1,807**	633
181 to 360 days	**945**	636
1 to 3 years	**395**	414
	102,221	109,255
Bills payable	**93,142**	51,980
	195,363	161,235

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

The bills payable will all be mature within 180 days.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period between 2008 and the first half of 2009, the global demand for electronic products slumped as a result of the economic recession encountered by such major developed economies as the Europe, the U.S. and Japan. The Group's major businesses were severely challenged. For the first six months of 2009, the Group's total revenue declined by 15.1% with its profit after tax attributable to shareholders decreased by 52.7% compared to the corresponding period of 2008.

For the first six months of 2009, the Group's MLCC business, an export oriented segment, was inevitably under the pressure of diminishing demand from foreign buyers. The management of the Company has adopted a series of measures to mitigate the damage caused by such pervasive global economic recession. In the face of declining export demand, the MLCC segment has repositioned itself by increasing the proportion of PRC clients in its portfolio. This has enabled the Group to benefit from the relatively steady market environment in the PRC. During the period, the revenue of MLCC business recorded a 17.6% increase over the corresponding period last year. Nevertheless, more marketing resources will be required to explore the PRC market where small to medium enterprises accounted for the majority of its clientele.

As reckless competition went on in the PRC mobile industry, revenue from the mobile phone segment dropped by 29.1% compared to the corresponding period of 2008.

MARKET OUTLOOK

The PRC market remains one of the few regions where solid economic growth and tremendous investment opportunities can be seen. As various key economic indicators show, China's economy is back on the recovery track, thanks to the Central Government's recent stimulus packages and loose monetary policy. By shifting its business focus to the PRC market, the Group's MLCC business is set to benefit from China's economic revival. The Group has been in full gear to improve MLCC's research and development capabilities to gain competitive edges on the R&D front. For the six months ended 30 June 2009, research and development expenses increased from RMB6.8 million for the same period of year 2008 to RMB9.0 million. The management is optimistic about the sales prospect of MLCC.

China's mobile phone industry has long suffered from over-competition. This has not only prevented the Group's mobile phone business from making a turnaround, but also put it in a downward spiral. The Group anticipates that such rampant oversupply of handsets will continue to erode the profit margin of the industry and exert higher pressure on the Group's mobile phone business in terms of profit margin. The Group will constantly monitor the development of the mobile phone business and assess its operating environment and industry performance so as to ensure an efficient and appropriate allocation of the Group's resources. The Group has embarked on exploring ways to reallocate its resources in order to alleviate the negative impact of the sliding profit of its mobile phone business on the overall results.

FINANCIAL REVIEW

Operating results

Revenue was RMB310.2 million for the six months ended 30 June 2009, representing a 15.1% decrease over the same period in 2008. The decline of sales revenue of mobile phone segment mainly accounted for the decrease during the period.

Gross profit for the first six months of 2009 declined to RMB32.9 million from RMB46.5 million in 2008, and the overall gross margin decreased from 12.7% in 2008 to 10.6% in 2009. This is mainly because of the Group's deployment of more resources and lowering of average selling price to adapt to the PRC market environment in order to further develop MLCC's business there, which resulted in the decrease of the gross margin of the MLCC segment to 22.2% from 29.3% in 2008 and hence dragged down the overall gross margin of the Group. During the same period, the Company managed to increase the sales proportion of high-end mobile phone, but the vicious price competition of the general mobile phone market drove the gross margin of the Group's mobile phone business to further decrease from 5.7% to 2.5%.

Profit for the period attributable to the shareholders of the Company for the six months ended 30 June 2009 was RMB5.2 million (2008: RMB10.9 million), a 52.7% decrease from the same period in 2008. Such deteriorating profit for the period was mainly attributable to the decrease in gross profit of the mobile phone business.

Administrative expenses decreased from RMB12.3 million for the six months period ended 30 June 2008 to RMB6.4 million for the corresponding period in 2009. The decrease was attributable to the prompt and multiple measures like reduction in wages and expenses the management took to deal with the global financial crisis.

Tax expense was RMB1.58 million for the six months ended 30 June 2009 and over provision for the prior year recognised during the period was RMB3.70 million. The accreditation of "High and New Technology Enterprise" to Shenzhen Eyang Technology Development Co., Ltd. (hereinafter referred to as Shenzhen Eyang), a wholly-owned subsidiary of the Group, by the Central Government in December 2008 entitled Shenzhen Eyang to a 15% corporate income tax rate for 3 years starting from 2008. The income tax of Shenzhen Eyang and the Dongguan branch office of Shenzhen Eyang Technology Development Co., Ltd. (hereinafter referred to as Shenzhen Eyang Dongguan Branch) for the first half of 2009 was determined at the rate of 15%.

Gearing Ratio

The Group monitors capital through gearing ratio, being net liabilities divided by capital and net liabilities. Net liabilities are determined as the aggregate of bank loans, trade and bills payables and other payables less cash and cash equivalent. Capital refers to the equity attributable to the equity holders of the parent company. As at 31 December 2008 and 30 June 2009, the gearing ratio of the Company was approximately 23% and 27% respectively.

Banking facilities

As at 30 June 2009, the Group had banking facilities of approximately RMB260 million, of which about RMB120 million remained undrawn. The Group believes that the capital resources available can satisfy the funding requirement for the expected capital expenditures.

Liquidity

As at 30 June 2009, total current assets and current liabilities were RMB392.8 million and RMB273.6 million respectively (as at 31 December 2008: RMB386.0 million and RMB282.7 million respectively), which resulted in a net current assets of RMB119.2 million (as at 31 December 2008: RMB103.3 million). To build up a broader client base in the domestic market, the Group's MLCC business has adopted a longer credit term policy as an incentive. Hence the Trade and Bills Receivables increased to RMB137.2 million as at 30 June 2009 from RMB95.5 as at 30 June 2008. As at 30 June 2009, cash and cash equivalent amounted to RMB83.5 million (as at 31 December 2008: RMB109.9 million), a decrease by RMB26.4 million as compared to that as at 31 December 2008.

Interest Rate, Exchange Rate and Contingent Liabilities

Given the loose monetary policy adopted by the Central Government since the outbreak of financial crisis, coupled with the Group's minimal level of borrowings, the Group does not expect any significant interest rate risk in the foreseeable future. The Group's export sales were mainly denominated in US dollars and Hong Kong dollars where the exchange rates of such currencies remained relatively stable in the first half of 2009. The management will keep on monitoring the development of the global foreign exchange market and, if necessary, employ appropriate measures to hedge against any potential exchange risks. There were no contingent liabilities for the Group as at 30 June 2009 (2008: nil).

Capital Commitments

As at 30 June 2009, the Group had contracted capital commitment which totaled RMB1.0 million (as at 31 December 2008: RMB33.1 million) in relation to the construction of buildings and the purchase of plant and machinery. Those commitments will be financed by the remainder of the net proceeds of initial public offering, internal resources as well as bank borrowings, if necessary.

Pledged Assets

As at 30 June 2009, the Group had pledged and charged certain properties and plants and equipment totaling approximately RMB170 million to secure bank loans and bank facilities at a total of RMB260 million.

Staff

The total number of staff as at 30 June 2009 was 1,964 (2008: 1,883), an increase of 81 staff members over the same period last year. There was no material change in the Group's remuneration policies which were in line with the existing market practice and the requirements from the relevant regulatory bodies.

DIVIDENDS

The board of directors resolved not to declare any interim dividend for the six months ended 30 June 2009 (the six months ended 30 June 2008: Nil).

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 six months ended 30 June 2009.

CORPORATE GOVERNANCE

During the six months period ended 30 June 2009, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited except code provision A.2.1. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Chen Weirong currently holds both positions. The board of directors 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. The board of directors strongly believe that the three independent non-executive directors can provide the board with sufficient independent and differing views to ensure a balance of power.

MODEL CODE FOR DEALING SECURITIES BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors of the Company (the "Company Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Following specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and the Company Code of conduct regarding directors' securities transactions throughout the six months ended 30 June 2009.

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 information of the Company and oversee the Company's financial reporting system and internal control procedures. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 June 2009.

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

Hong Kong, 21 August 2009

As at the date of this announcement, the Board comprised Mr. Chen Weirong, Ms. Shuang Mei and Mr. Liao Jie as executive Directors, 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.