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 2011

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 2011, together with the comparative results for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
REVENUE	4	**481,402**	396,298
Cost of sales		**(417,333)**	(308,350)
Gross profit		**64,069**	87,948
Other income and gains	4	**11,516**	7,405
Selling and distribution costs		**(13,104)**	(10,341)
Administrative expenses		**(27,150)**	(18,241)
Other expenses		**(2,482)**	(7,601)
Finance costs		**(8,924)**	(7,101)
Research and development costs		**(7,158)**	(9,363)
PROFIT BEFORE TAX		**16,767**	42,706
Income tax expense	6	**(2,211)**	(8,751)
PROFIT FOR THE YEAR		**14,556**	33,955
OTHER COMPREHENSIVE INCOME			
Exchange difference on translation of foreign operations		**2,758**	1,766
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**17,314**	35,721
Profit for the year attributable to:			
Owners of the parent		**14,556**	33,955
Total comprehensive income attributable to:			
Owners of the parent		**17,314**	35,721
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	8	**RMB3.6 cents**	RMB8.4 cents
Diluted	8	**RMB3.6 cents**	RMB8.4 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2011

	Notes	31 December 2011 RMB'000	31 December 2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**294,183**	263,854
Investment properties		**26,277**	29,671
Prepaid land lease payments		**20,829**	21,317
Deposits paid for acquisition of property, plant and equipment		**5,696**	–
Other intangible assets		**1,197**	1,369
Deferred tax assets		**2,702**	2,342
Total non-current assets		**350,884**	318,553
CURRENT ASSETS			
Inventories		**103,062**	104,421
Trade and bills receivables	*9*	**156,680**	153,099
Prepayments, deposits and other receivables		**24,276**	12,791
Due from related parties		**6,739**	6,910
Derivative financial instruments		**161**	–
Pledged deposits		**125,772**	18,120
Cash and cash equivalents		**65,887**	48,481
Total current assets		**482,577**	343,822
CURRENT LIABILITIES			
Trade and bills payables	*10*	**69,439**	57,582
Deferred income, accruals and other payables		**36,280**	33,203
Tax payable		**12,703**	14,948
Interest-bearing bank loans		**261,590**	110,666
Dividends payable		**256**	171
Total current liabilities		**380,268**	216,570
NET CURRENT ASSETS		**102,309**	127,252
TOTAL ASSETS LESS CURRENT LIABILITIES		**453,193**	445,805

	31 December 2011	31 December 2010
	RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES	**453,193**	445,805
NON-CURRENT LIABILITIES		
Deferred income	**3,193**	3,468
Deferred tax liabilities	**5,605**	5,067
Total non-current liabilities	**8,798**	8,535
Net assets	**444,395**	437,270
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**3,824**	3,824
Reserves	**440,571**	423,207
Proposed final dividend	**–**	10,239
Total equity	**444,395**	437,270

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	Attributable to owners of the parent							
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 29)			*(note 30)*				
At 1 January 2010	3,824	104,657*	198,939*	4,797*	(1,562) *	90,167*	9,273	410,095
Total comprehensive income for the year	–	–	–	–	1,766	33,955	–	35,721
Equity-settled share option arrangements	–	–	–	727	–	–	–	727
Share options forfeited	–	–	–	(480)	–	480	–	–
Final 2009 dividend declared	–	–	–	–	–	–	(9,273)	(9,273)
Final 2010 dividend	–	–	–	–	–	(10,239)	10,239	–
At 31 December 2010 and 1 January 2011	3,824	104,657*	198,939*	5,044*	204*	114,363*	10,239	437,270
Total comprehensive income for the year	–	–	–	–	2,758	14,556	–	17,314
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 ***	**129,228***	**–**	**444,395**

* These reserve accounts comprise the consolidated reserves of RMB440,571,000 (2010: RMB423,207,000) in the consolidated statement of financial position.

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 office 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 are located at EYANG Building, No.3 Qimin Stree, 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") and trading of mobile phones.

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. 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 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 2011. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

2.2 CHANGES 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 Amendment	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters*
IAS 24 (Revised)	*Related Party Disclosures*
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to IFRSs 2010	Amendments to a number of IFRSs issued in May 2010

Other than as further explained below regarding the impact of IAS 24 (Revised), and amendments to IFRS 3, IAS 1, IAS 27 and IFRIC 13 included in *Improvements to IFRSs 2010*, the adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IAS 24 (Revised) *Related Party Disclosures*

IAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to IFRSs 2010* issued in May 2010 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- IFRS 3 *Business Combinations*: The amendment clarifies that the amendments to IFRS 7, IAS 32 and IAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of IFRS 3 (as revised in 2008).

  In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another IFRS.

  The amendments also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- IAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- IAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from IAS 27 (as revised in 2008) made to IAS 21, IAS 28 and IAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 Amendments	Amendment to IFRS 1 *First-time Adoption of International Financial Reporting Standards – Severe Hyperinflaction and Removal of Fixed Dates for First-time Adopter*[1]
IFRS1 Amendments	Amendments to IFRS1 *First-time Adoption of International Financial Reporting Standards - Government Loan*[4]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*[1]
IFRS 7 Amendments	Amendments to IFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[4]
IFRS 9	*Financial Instruments*[6]
IFRS 10	*Consolidated Financial Statements*[4]
IFRS 11	*Joint Arrangements*[4]
IFRS 12	*Disclosure of Interests in Other Entities*[4]
IFRS 13	*Fair Value Measurement*[4]
IAS 1 Amendments	Amendments to IAS1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[3]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*[2]
IAS 32 Amendments	Amendments to IAS32 *Presentation – Offsetting Financial Assets And Financial Liabilities*[5]
IAS 19 Amendments	*Employee Benefits*[4]
IAS 27 (Revised)	*Separate Financial Statements*[4]
IAS 28 (Revised)	*Investments in Associates and Joint Ventures*[4]
IFRIC 20	*Stripping Costs in the Production Phase of a Surface Mine*[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

Further information about those changes that are expected to significantly affect the Group is as follows:

IFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace IAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of IAS 39.

In November 2010, the IASB issued additions to IFRS 9 to address financial liabilities (the "Additions") and incorporated in IFRS 9 the current derecognition principles of financial instruments of IAS 39. Most of the Additions were carried forward unchanged from IAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income ("OCI"). The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

IAS 39 is aimed to be replaced by IFRS 9 in its entirety. Before this entire replacement, the guidance in IAS 39 on hedge accounting and impairment of financial assets continues to apply. The Group expects to adopt IFRS 9 from 1 January 2015.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities or structured entities. It includes a new definition of control which is used to determine which entities are consolidated. The changes introduced by IFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled, compared with the requirements in IAS 27 and SIC 12 Consolidation – Special Purpose Entities. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12.

IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation.

IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities that are previously included in IAS 27 Consolidated and Separate Financial Statements, IAS 31 Interests in Joint Ventures and IAS 28 Investments in Associates. It also introduces a number of new disclosure requirements for these entities.

Consequential amendments were made to IAS 27 and IAS 28 as a result of the issuance of IFRS 10, IFRS 11 and IFRS 12. The Group expects to adopt IFRS 10, IFRS 12, and the consequential amendments to IAS 27 from 1 January 2013.

IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but provides guidance on how fair value should be applied where its use is already required or permitted under other IFRSs. The Group expects to adopt IFRS 13 prospectively from 1 January 2013.

Amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The Group expects to adopt the amendments from 1 January 2013.

IAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. The Group expects to adopt IAS 19 (2011) from 1 January 2013.

3. OPERATING SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products they provide. Each of the Group's business segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other business segments.

Summary details of the business segments are as follows:

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

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

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets. No assets and capital expenditure information is presented for the Group's geographical segments, as over 90% of the Group's assets are located in Mainland China.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the year ended 31 December 2011. The MLCC segment is the only major continuing reportable operating segment of the Group in year 2010, which engages in the manufacture and sale of MLCC. Accordingly, no further operating segment information is provided for the year ended 31 December 2010.

Year ended 31 December 2011

	MLCC	Trading of mobile phones	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue:			
Sales to external customers	357,274	124,128	481,402
Other revenue	1,055	–	1,055
	358,329	124,128	482,457
Segment results	18,945	5,567	24,512
Reconciliation:			
Interest income			1,179
Finance costs			(8,924)
Profit before tax			16,767
Segment assets	799,766	33,697	833,463
Reconciliation:			
Elimination of intersegment receivables			–
Total assets			833,463
Segment liabilities	360,869	29,615	390,484
Reconciliation:			
Elimination of intersegment payables			(1,416)
Total liabilities			389,068
Other segment information:			
Impairment losses of inventory 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)
Depreciation and amortisation	29,027	–	29,027
Capital expenditure	61,837	–	61,837

Geographical segments

(a) *Revenue from external customers*

	2011	2010
	RMB'000	*RMB'000*
Mainland China	**216,258**	219,247
Countries other than Mainland China	**265,144**	177,051
	481,402	396,298

Information about major customers

Revenue of approximately RMB124,128,000 (2010: Nil) was derived from sales by the mobile phone trading segment to two customers, represent the total mobile phone trading sales of the Group.

4. REVENUE, OTHER INCOME AND GAINS

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 gains is as follows:

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Sale of MLCC	**357,274**	396,298
Trading of mobile phones	**124,128**	–
	481,402	396,298
Other income		
Bank interest income	**1,179**	279
Rental income	**5,745**	4,947
Government grant	**458**	270
Amortisation of deferred income	**1,055**	806
Sale of materials	**2,271**	993
Others	**647**	110
	11,355	7,405
Gains		
Fair value gains, net:		
Derivative instruments – transactions not qualifying as hedges	**161**	–
	11,516	7,405

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2011	2010
	RMB'000	*RMB'000*
Interest on bank loans	**8,924**	4,401
Other finance costs:		
Expense for bank facilities	**–**	2,700
	8,924	7,101

6. 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 Mainland China, obtained its high technology enterprise accreditation on 16 December 2008 and hence was subject to a national income tax rate of 15% from 2008 to 2010. On 31 October 2011, SZ Eyang was recognized as a high technology enterprise again and was subject to a national income tax rate of 15% from 2011 to 2013.

Except for SZ Eyang mentioned above that was 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.

	2011	2010
	RMB'000	*RMB'000*
Group:		
Current – Mainland China		
Charge for the year	**2,842**	7,510
Deferred	**178**	1,241
Overprovision in prior years	**(809)**	–
Total tax charge for the year	**2,211**	8,751

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

Group

	2011		2010	
	RMB'000	**%**	RMB'000	%
Profit before tax	**16,767**		42,706	
Tax at the statutory tax rate	**4,192**	**25**	10,676	25
Tax effect of:				
Lower tax rates for specific districts or countries	**(9,240)**	**(55)**	(478)	(1)
Tax incentives	**(1,238)**	**(7)**	(2,627)	(6)
Income not subject to tax	**(143)**	**(1)**	(121)	–
Expenses not deductible for tax	**(243)**	**(1)**	1,684	4
Tax losses not recognised	**9,282**	**55**	951	2
Additional deduction of 50% of the research and development expense	**(524)**	**(3)**	(3,045)	(7)
Overprovision in prior years	**(809)**	**(5)**	–	–
Effect of withholding tax on the distributable profits of the Group's Mainland China subsidiaries	**538**	**3**	1,654	3
Others	**396**	**2**	57	–
Tax charge at the Group's effective tax rate	**2,211**	**13**	8,751	20

7. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
Proposed final – Nil (2010: HK3.0 cents) per share	**–**	10,239

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 405,500,000 (2010: 405,500,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2011 and 2010 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

9. TRADE AND BILLS RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade and bills receivables	**164,413**	161,633
Impairment	**(7,733)**	(8,534)
	156,680	153,099

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 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.

The bills receivable were all due within 60 to 180 days from the end of the reporting period.

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:

	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**117,730**	90,106
91 to 180 days	**11,145**	21,218
181 to 360 days	**693**	634
1 to 2 years	**573**	5,454
Over 3 years	**7,160**	3,080
	137,301	120,492
Bills receivable	**27,112**	41,141
	164,413	161,633

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

	2011	2010
	RMB'000	*RMB'000*
At 1 January	**8,534**	8,400
Impairment losses recognised	**410**	134
Reversal of impairment	**(1,211)**	–
At 31 December	**7,733**	8,534

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB7,733,000 (2010: RMB8,534,000) with a carrying amount of RMB7,733,000 (2010: RMB8,534,000). 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:

	2011	2010
	RMB'000	*RMB'000*
Neither past due nor impaired	**111,033**	98,451
Less than 90 days past due	**18,351**	12,727
91 to 180 days past due	**184**	190
181 to 360 days past due	**–**	590
	129,568	111,958

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 and bills payables as at the end of the reporting period, based on the invoice date are as follows:

	2011	2010
	RMB'000	*RMB'000*
Within 90 days	**65,352**	55,824
91 to 180 days	**3,433**	618
181 to 360 days	**13**	826
1 to 2 years	**623**	261
2 to 3 years	**18**	53
	69,439	57,582

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

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 2011.

"Basis for Qualified Opinion

The Group was engaged in a new business segment during the year comprising the trading of mobile phones (the "Mobile Phone Business") with two foreign enterprises in Africa (the "Africa Customers"). During the year, 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 carrying amount of RMB25,249,000 at 31 December 2011. We were 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 us to verify the identity of the Africa Customers and the delivery of mobile phones; (ii) there was no satisfactory explanation provided to us to explain the reason for the the cash received by the Group totaling RMB98,879,000 during the year and RMB25,249,000 subsequent to 31 December 2011 being transacted through intermediates for the settlement of the recorded sale transactions; (iii) we were unable to carry out any effective confirmation procedure in relation to the above sales of mobile phones for the purpose of our audit and (iv) there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the above transactions and balances recorded under the Mobile Phone Business were free from material misstatement. Any adjustments found to be necessary may have an effect on the Group's trade receivables as at 31 December 2011, the Group's revenue and consequently net profit for the year ended 31 December 2011, and the related disclosures thereof in the consolidated financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

In 2011, the worsening European debt crisis had led the economies of the major developed economies such as the US, Europe and Japan, which had not yet recovered, to another recession, and there was no rebound of global demand for electronic products. The PRC Government retreated from the economic stimulation policies initiatively launched in 2009 for the purpose of expanding domestic consumption, dampening the 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. In 2011, the revenue of the Group increased by RMB85.1 million to RMB481.4 million, representing a growth of 21.5% as compared to that of 2010. The gross profit decreased by

RMB23.8 to RMB64.1 million, representing a drop of 27.1%. In particular, the sales revenue from MLCC was RMB357.3 million, representing a decrease of 9.8% over that of 2010 and a decrease of 35.6% in gross margin.

Given the fierce competition in the MLCC industry, on the basis of the analysis on the MLCC business in the first half of 2011 and in light of the Group's extensive cooperation with a wide spectrum of participants of the electronic industry the Group's management was of the opinion that developing the mobile phone trading business by leveraging the Group's strength could be another promising source of growth. In August 2011, the Group established a wholly-owned subsidiary (Hong Kong Wei Chang NER Co., Limited) in Hong Kong to develop electronic trading business with focus on mobile phone trading business. As at 31 December 2011 revenue and gross profit from mobile phone trading business amounted to RMB124.1 million and RMB7.4 million respectively and the outstanding balance of the trade receivables from mobile phone trading business was RMB25.2 million. The trade receivables are fully settled as at date of this report.

Since the development period of the mobile phone trading business was relatively short and the operating model was relatively simple, the corresponding internal control procedure was not well put in place and the related accounting records such as customers' information, logistics bills and reconciliation record of the sales of the business were not recorded in a timely manner. The Company was therefore unable to provide the auditor of the Company with sufficient and appropriate information to conduct the auditing of the sales of the business. Thus, the auditor of the Group issues a qualified opinion on the revenue and trade receivables of the business. The management of the Company will improve the collection and management of the business information of mobile phone trading and optimize all monitoring procedures in 2012 to turn the trading business into a source of strong and persistent growth within the Company.

In 2011, profit attributable to shareholders of the Company amounted to approximately RMB14.6 million, representing a decrease of 57% over that of 2010.

Prospects

In 2012, the outlook of European debt crisis still remains uncertain as economic recovery in major developed countries such as the US, Europe and Japan is not obvious. The global financial market is expected to become more volatile. Given the cyclical nature of the digital product sector and the problem of overcapacity, the business environment is expected to further deteriorate. As a supplier of MLCC products which is situated in the upstream of the electronic products sector, the Group will encounter an even more complicated business environment.

In the mainland China, for the sake of guaranteeing a steady growth of employment, the Central Government will provide more support to SMEs and the demand for MLCC from the electronic products manufacturing enterprises of small and medium-size is expected to experience a significant increase, which will serve as a breakthrough for the Group to maintain a rapid growth of MLCC business and steady growth in gross margin. Since the relatively weak capability of SMEs in the procurement of accessories and export, together with the Group's long-term relationship with a large number of small to medium size trading enterprises and electronic products producers, there is more room for the Company to expand the trading business with them, which in turn enhances the potential value of the Company.

REVIEW FROM PRINCIPAL BUSINESS

Revenue from principal business

The revenue of the Group's business for 2011 was RMB481.4 million, representing a 21.5% increase over that of 2010. This was mainly due to the opening of the mobile phone trading business of the Group in the second half of 2011.

In particular, the revenue of the Group's MLCC business was RMB357.3 million, representing a decrease of 9.8% over 2010. This was mainly due to the intensified competition in the industry, and decrease in product unit price and gross profit margin.

Revenue from the Group's mobile phone trading business for 2011 was RMB124.1 million, and the gross profit was RMB7.4 million.

Gross Profit

Gross profit of the Group for 2011 was RMB64.1 million, representing a decrease of 27.2% from that of 2010. The decrease was mainly due to the intensified competition in MLCC industry, and relatively large decrease in product unit price.

In particular, gross profit of the Group's MLCC business for 2011 was RMB56.7 million, representing a decrease of 35.6% from that of 2010. The decrease was mainly due to the intensified competition in the industry and decrease in gross profit margin.

Revenue from the Group's mobile phone trading business for 2011 was RMB124.1 million and the gross profit was RMB7.4 million.

Gross Profit Margin

The gross profit margin of the Group for 2011 was 13.3%, representing a decrease of 8.9% as compared to 22.2% of 2010. This was mainly due to the decline in the gross profit margin of MLCC, as well as the new development of the mobile phone trading business with relatively low gross profit margin.

In particular, the gross profit margin of the Group's MLCC business for 2011 was 15.9%, representing a decrease of 6.3% as compared to 22.2% of 2010.

The gross profit margin of the mobile phone trading business for 2011 was 6.0%.

Other Income and Gain

Other income and gain of the Group for 2011 were RMB11.5 million, representing an increase of RMB4.1 million as compared to 2010.

Selling and Distribution Costs

The operation costs of the Group for 2011 were RMB13.1 million, representing an increase of 26.7% over that of 2010. This was mainly due to the increasing input in the market of SMEs by the expansion of marketing staff for enlarging the market share.

Management Costs

The management costs of the Group for 2011 were RMB27.2 million, representing an increase of 48.8% over that of 2010. This was mainly due to (i) the increase in the wages, welfare and social insurance for the staff; and (ii) the increase in the maintenance cost of the plants in Yu Yang, Dong Guan.

Research and Development Costs

The research and development costs of the Group for 2011 were RMB7.2 million, representing a decrease of 23.6% over that of 2010. This was mainly due to (i) the completion of a part of R&D of products researched and developed by the Group at early stage in 2010; and (ii) higher efficiency in R&D of products with leads to a corresponding reduction in R&D cost.

Other Expenses

Other expenses of the Group for 2011 were RMB2.5 million, representing a decrease of 67.1% over that of 2010. This was mainly due to (i) the decrease in option fee; and (ii) decrease in the loss in translation and commission charge to banks.

Finance Costs

The finance costs of the Group for 2011 were RMB8.9 million, representing a RMB1.8 million increase over that of 2010. This was mainly due to the fact that an increase in interest expenses was incurred by the increased bank loans during the year.

Income Tax Expenses

Income tax expenses of the Group for 2011 amounted to approximately RMB2.2 million, representing a decrease of RMB6.5 million over 2010. This was mainly due to the decrease in the Company's earning.

Gearing Ratio

The Group monitors its capital through gearing ratio, being net liabilities divided by capital plus net liabilities. Net liabilities are determined as the aggregate of 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 2010 and 2011, the gearing ratio of the Group was approximately 23.4% and 39.9% respectively.

Property, Plant and Equipment

The net carrying amount as at 31 December 2011 was RMB294.2 million, representing an increase of RMB30.3 million from that of 2010. This was mainly due to the acquisition of new manufacturing equipment.

Investment Properties

The Group's investment properties for 2011 amounted to RMB26.3 million, representing a decrease of RMB3.4 million over 2010. This was mainly due to the recovery of part of the leased properties for the Company's use.

Other Intangible Assets

The other intangible assets of the Group for 2011 amounted to RMB1.20 million, representing a decrease of RMB0.17 million when compared to that of 2010. 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 2011, the net book values of trade and bills receivables were RMB156.7 million, basically the same as that of 2010. In particular, the trade receivables from customers of mobile phone trading was RMB25.2 million. As at the date of this announcement, all trade receivables from mobile phone trading were collected.

Prepayments, Deposits and Other Recevables

As at 31 December 2011, prepayments, deposits and other receivables of the Group were RMB24.3 million, representing an increase of RMB11.5 million from that of 2010. This was mainly due to an increase in external prepayment of the material and equipment purchased in 2011.

Cash and Cash Equivalents and Pledged Bank Deposits

As at 31 December 2011, cash and cash equivalents and pledged bank deposits of the Group were RMB191.7 million, representing an increase of RMB125.1 million compared to that of 2010. This was mainly due to an increase of letter of credits and pledged bank deposits of bills receivables

Trade and Bills Payables

As at 31 December 2011, the balance of the Group's trade payables was increased by approximately RMB11.9 million from that at the end of 2010, while the balance of bills payables decreased by RMB34.0 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 decrease in bills payables was due to the fact that as the Company extended a large pool of customers in China and a major portion of receivables of the Company were settled in the form of bills receivables, the Company directly endorsed certain bills receivables collected for domestic suppliers in lieu of the issuance of bank acceptance bills to the suppliers upon the Company's payment to the suppliers.

Deferred Income, Accruals and Other Payables

As at 31 December 2011, deferred income, accruals and other payables of the Group were RMB36.3 million, representing an increase of RMB3.1 million from that of 2010. 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 in staff remuneration payables at the end of the year. At the same time, due to the expansion of production capacity, the outstanding amount of the purchase of fixed assets and the construction costs of Anhui Jineyang also increased as compared with that at the end of 2010.

Interest-Bearing Bank Loans

As at 31 December 2011, the Group had outstanding interest-bearing bank loans of RMB261.6 million, representing an increase of RMB150.9 million over that of 2010, and the loans were mainly used to boost the production and sales of MLCC, as well as to maintain the Company's liquidity and purchase wealth management products.

Contingent Liabilities

As at 31 December 2011, the Group had no material contingent liabilities.

Commitments

As at 31 December 2011, the capital commitments of the Group were RMB25.5 million, representing an increase of RMB10.6 million over that of 2010, which was mainly due to the increase in the Group's purchase of equipment and plant construction which had not yet been delivered.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net current asset

As at 31 December 2011, the Group had net current assets of approximately RMB102.3 million, including current assets of RMB482.6 million and current liabilities of RMB380.3 million.

Cash flows

	For the year ended 31 December	
	2011	2010
	RMB million	*RMB million*
Net cash inflow from operating activities	**53.8**	30.6
Net cash outflow from investing activities	**(62.9)**	(56.8)
Net cash inflow from financing activities	**10.6**	29.5
Cash and cash equivalents at the end of year	**70.5**	66.1

As at 31 December 2011, the Group's remaining balance of cash and cash equivalents increased by RMB4.4 million from that of 31 December 2010. It was mainly due to:

1) the cash inflow from operating activities of RMB53.9 million, which was mainly due to efforts in the collection of sales amount.

2) the net cash outflow from investing activities of RMB62.9 million, which was mainly due to the increase in expenditure for purchasing equipment and construction works.

3) net cash inflow from financing activities, which was generated from factors such as bank loans, of RMB10.6 million.

BANKING FACILITIES

As at 31 December 2011, the Group had aggregate banking facilities of approximately RMB248.0 million, of which approximately RMB55.0 had not been utilized.

FOREIGN CURRENCY RISK

In 2011, 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 2011, the Group had a total of 1,426 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 2011.

CORPORATE GOVERNANCE

Corporate Governance Practice

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 2011, 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.

Internal Control

In late 2011 the Company noticed the business opportunities of mobile phones trading with overseas customers. In order to seize the opportunity of building up a profit generating segment that requires less capital investment by the Group, the Company set up the business in a relatively short period of time with limited input of manpower and resources. The inadequate and insufficient supporting system in the new business segment has resulted in the findings as detailed in the auditor's qualified opinion as stated hereabove which has drawn the attention of the Board as well as the Audit Committee. The Audit Committee has discussed the matters thoroughly with the Auditors and the management of the Company and concludes that the Company has to strengthen the internal control of mobile phones trading business and improve the documentation process. The Audit Committee will review and advise on the future remedial measures taken by the management of the Company.

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 2011 the Audit Committee met twice and reviewed the financial results and reports, financial reporting and compliance procedures, report of 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 2011 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 2011.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2011 (2010: HK$3.0 cents per ordinary share).

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, 30 March 2012

As at the date of this announcement, the Board comprises Mr. Chen Weirong, Mr. Liao Jie and Mr. Xu Chuncheng as Executive Directors, Ms. Shuang Mei, Mr. Cheng Wusheng, 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.