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 2008

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 2008, together with the comparative figures for the corresponding period of 2007.

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

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2008

		Unaudited six months ended 30 June	
	Notes	**2008**	2007
		RMB'000	*RMB'000*
REVENUE	*3*	**365,630**	306,221
Cost of sales		**(319,094)**	(255,566)
Gross profit		**46,536**	50,655
Other income	*4*	**3,114**	2,052
Selling and distribution costs		**(12,318)**	(9,379)
Administrative expenses		**(14,345)**	(11,014)
Research and development costs		**(6,752)**	(4,590)
Other expenses		**(272)**	(6,528)
Finance costs	5	**(556)**	(1,556)
PROFIT BEFORE TAX	*6*	**15,407**	19,640
Tax	*7*	**(4,507)**	(2,977)
PROFIT FOR THE PERIOD		**10,900**	16,663
Attributable to:			
Equity holders of the Company		**10,900**	16,663
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Basic	*9*	**2.7 cents**	5.5 cents

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2008

	Notes	**30 June 2008** *RMB'000* **(Unaudited)**	31 December 2007 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**217,514**	171,490
Investment properties		**3,656**	3,700
Land lease prepayments	*11*	**10,584**	10,708
Deferred tax assets		**1,633**	1,807
Total non-current assets		**233,387**	187,705
CURRENT ASSETS			
Inventories		**74,590**	75,467
Trade and bills receivables	*12*	**132,016**	117,284
Prepayments, deposits and other receivables		**16,332**	13,548
Cash and bank balances		**84,643**	188,812
Restricted bank deposits		**59,029**	25,986
Pledged bank deposits		**74,187**	14,300
Total current assets		**440,797**	435,397
CURRENT LIABILITIES			
Trade and bills payables	*13*	**157,375**	138,219
Deferred income, accruals and other payables		**33,252**	34,617
Tax payable		**10,231**	7,546
Provisions		**2,314**	4,609
Interest-bearing bank loans		**75,927**	40,479
Dividends payable		**171**	171
Due to related parties		**1,984**	1,391
Total current liabilities		**281,254**	227,032
NET CURRENT ASSETS		**159,543**	208,365
TOTAL ASSETS LESS CURRENT LIABILITIES		**392,930**	396,070
NON-CURRENT LIABILITIES			
Deferred income		**7,397**	7,995
Total non-current liabilities		**7,397**	7,995
Net assets		**385,533**	388,075

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	**3,824**	3,773
Reserves	**379,660**	364,027
Share option reserve	**2,049**	–
Proposed final dividend	**–**	20,275
Total equity	**385,533**	388,075

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

EYANG Holdings (Group) Co., Limited was incorporated in the Cayman Islands with limited liability 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 were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 December 2007. The principal activities of the Company and its subsidiaries are manufacture and sales of multi-layer ceramic capacitor ("MLCC") and mobile phones.

2. PRINCIPAL ACCOUNTING POLICIES and 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 and International Accounting Standard 34 "Interim financial reporting" issued by International Accounting Standard Board (the "IASB"). This unaudited condensed consolidated interim results should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2007.

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 2007.

For the current interim period, the Group has adopted for the first time a number of new Interpretations, issued by IASB, which are effective for the Group's financial year beginning 1 January 2008. The adoption of these new Interpretations has had no material effect on those financial statements for the current or prior accounting periods. Hence, no prior period adjustment has been made.

IFRIC 11	IFRS 2 — Group and Treasury Share Transactions
IFRIC 12	Service Concession Arrangements
IFRIC 14	IAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective. The Group anticipates that the application of these standards and interpretations will have no material impact on the results and the financial position of the Group.

IAS 23 (Revised)	Borrowing Costs [(1)]
IFRS 8	Operating Segments [(1)]
IAS 1 (Revised)	Presentation of Financial Statements [(1)]
IAS 32 & 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation [(1)]
IAS 27 (Revised)	Consolidated and Separate Financial Statements [(2)]
IFRS 2	Vesting Conditions and Cancellations [(1)]
IFRS 3 (Revised)	Business Combinations [(2)]
IFRIC 13	Customer Loyalty Programmes [(3)]
IFRIC 15	Agreements for the Construction of Real Estate [(1)]
IFRIC 16	Hedges of a Net Investment in a Foreign Operation [(4)]

[(1)] Effective for annual periods beginning on or after 1 January 2009
[(2)] Effective for annual periods beginning on or after 1 July 2009
[(3)] Effective for annual periods beginning on or after 1 July 2008
[(4)] Effective for annual periods beginning on or after 1 October 2008

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

Summary details of the business segments are as follows:

(i) MLCC segment engages in the manufacture and sale of MLCC and the trading of MLCC;

(ii) the mobile phones segment engages in the manufacture and sale of mobile phones; and

(iii) the mobile phone components segment engages in the manufacture and sale of mobile phone components and the trading of mobile phone components.

For the Group's geographical segments, revenues are recognised on the basis of the location of the customers.

(a) Business segments

The following tables present revenue, profit and certain expenditure information for the Group's business segments of the periods.

	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)	–	21,606
Bank interest income and unallocated gains				2,516
Corporate and other unallocated expenses				(8,159)
Finance costs				(556)
Profit before tax				15,407
Tax				(4,507)
Profit for the period				10,900

	MLCC *RMB'000*	Mobile phones *RMB'000*	Mobile* phone components *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
Unaudited six months ended 30 June 2007					
Segment revenue:					
Sales to external customers	101,650	201,282	3,289	–	306,221
Intersegment sales	2,826	–	–	(2,826)	–
Other income	524	–	–	–	524
Total	105,000	201,282	3,289	(2,826)	306,745
Segment results	19,893	6,902	30	–	26,825
Bank interest income and unallocated gains					1,528
Corporate and other unallocated expenses					(7,157)
Finance costs					(1,556)
Profit before tax					19,640
Tax					(2,977)
Profit for the period					16,663

* During the year ended 31 December 2007, the mobile phone components segment was integrated into the mobile phone segment.

(b) Geographical segments

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

	Unaudited six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Sales to external customers:		
Mainland China	**262,140**	221,626
Hong Kong and Macau	**96,087**	75,105
America and Europe	**587**	3,332
Taiwan	**4,124**	3,975
India	**2,692**	2,183
	365,630	306,221

4. OTHER INCOME

An analysis of other income is as follows:

	Unaudited six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Other income		
Bank interest income	**428**	285
Sale of materials	**843**	942
Amortisation of deferred income	**598**	524
Rental income	**719**	284
Others	**526**	17
	3,114	2,052

5. FINANCE COSTS

	Unaudited six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Interest on bank loans	**556**	1,556

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	Unaudited six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Depreciation	**8,006**	7,213
Amortisation of land lease prepayments	**124**	124
Employee benefits expense	**23,559**	20,324
Research and development costs:		
Current period expenditure	**6,752**	4,590
Share-based compensation	**2,049**	–
Minimum lease payments under operating leases in respect of buildings	**344**	325
Auditors' remuneration	**600**	–
Provision against slow-moving inventories	**194**	–
Additional provision for product warranty	**5,243**	4,709

7. 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. Both companies are entitled to full exemption of corporate income tax ("CIT") for two years commencing from their 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 2003 was SZ Eyang's first profit-making year and the year ended 31 December 2006 was SZ Eycom's first profit-making year.

The new PRC Corporate Income Tax Law has become effective on 1 January 2008. Under the new policies enterprises previously entitled to concession shall have a grace period of 5 years commencing on 1 January 2008 and 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 branch of SZ Eyang, 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.

	Unaudited six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Group:		
Current — PRC		
CIT for the period	**4,334**	2,281
Deferred	**173**	696
Total tax charge for the period	**4,507**	2,977

8. DIVIDENDS

The Board of Directors resolved not to declare any interim dividend for the six months ended 30 June 2008 (the six months ended 30 June 2007: Nil).

On 26 June 2008, a final dividend of RMB0.05 (equivalent to HK$0.053) per share for the year ended 31 December 2007 was paid to shareholders whose names appeared on the Company's register of members on 26 May 2008.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to equity holders of approximately RMB10,900,000 (2007: approximately RMB16,663,000) and the weighted average of 405,077,000 shares (2007: 300,000,000 shares) in issue during the period under review. The weighted average number of shares for the six months ended 30 June 2007 represents a total of 300,000,000 shares which were deemed to be in issue since 1 January 2007.

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2008 (2007: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

For the six months period ended 30 June 2008 the total additions of property, plant and equipment amounted to approximately RMB53,992,000. (2007: approximately RMB14,086,000).

11. LAND LEASE PREPAYMENTS

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Opening balance	**10,958**	11,208
Amortisation	**(124)**	(250)
Carrying amount	**10,834**	10,958
Current portion included in prepayments, deposits and other receivables	**(250)**	(250)
Non-current portion	**10,584**	10,708

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

12. TRADE AND BILLS RECEIVABLES

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables	**121,371**	120,341
Impairment	**(3,057)**	(3,057)
	118,314	117,284
Bills receivable	**13,702**	–
	132,016	117,284

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 balance sheet date, based on the invoice date, is as follows:

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**111,012**	108,194
91-180 days	**6,313**	9,067
181-360 days	**966**	–
1 to 2 years	**–**	1,544
2 to 3 years	**3,080**	1,536
	121,371	120,341

13. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008	31 December 2007
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 90 days	**111,792**	118,670
91 to 180 days	**1,685**	1,518
181 to 360 days	**190**	186
1 to 2 years	**54**	68
	113,721	120,442
Bills payable	**43,654**	17,777
	157,375	138,219

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.

BUSINESS REVIEW

The US sub-prime mortgage crisis has caused a decline in global economy. As a larger number of the end customers of the Group's MLCC business are located in Europe and the US, its business growth been under great pressure since the fourth quarter of 2007, which extended to the first half of 2008 and may even continue in the second half of 2008. Meanwhile, the accelerated appreciation of Renminbi ("RMB") against US dollars and Hong Kong dollars have certain impacts on the operations of MLCC business of the Company in the first half of 2008. However, because of the leverage of improved core competitiveness of the Company that are attributable to the speeding up of technology innovation, expansion of sales and marketing network and enhancement of management, the gross profit margin of MLCC business increased by 2.7% as compared to that in the same period last year. The market expects that the appreciation of RMB against US dollars and Hong Kong dollars and the performance of the world economy will not change significantly in the second half of 2008. This will pose greater pressure on and bring in various challenges as well as opportunities to the development and results of the MLCC business of the Group.

Mobile phone business is another principal business of the Group. The sales are mainly in the PRC. In the first half of 2008, the mobile phone market faced fierce competition with plunging industry profit margin. The acceleration of disorderly competition has created more chaos in the mobile phone market. Shenzhen Eycom Technology Co., Ltd., a wholly-owned subsidiary which undertakes the mobile phone business of the Group recorded a loss of RMB3.2 million for the first half of 2008, while the profit for the same period last year was RMB6.9 million.

Despite the fact that MLCC business recorded a relatively high growth in profit, the poor performance of mobile phone business resulted in a decrease by 34.6% of the Group's profit as compared to that of the same period last year. It is expected that there will not be any significant change in the second half of the year. The management of the Company will consider to optimize the Company's operation for the best interest of the Group and the shareholders as and when appropriate.

PROSPECTS

As the principal businesses of the Company are located in the PRC, the macro-economic landscape of the PRC will have a greater impact on the operating results of the Company. Looking forward, the speed of the appreciation of RMB against US dollars is expected to remain stable. Meanwhile, as it is expected that inflation will further accelerate, while the general direction for currency policies and financial policies remains unchanged, this will pose challenges as well as opportunities to the operations of the Group. As the Company is engaged in the high and new technology industry that is encouraged by the state policies and is not the focus of the state's macro-economic control policies, it should enjoy comparative advantages over companies in other industries.

The fluctuations in exchange rate of RMB against US dollars and Hong Kong dollars will have certain impacts on the Group. The management of the Group will endeavor to confine the negative impact on its business to a certain range according to the characteristics of the business.

Rising interest rates will increase the financing costs of the majority of enterprises and there is no exception for the Group. However, the management of the Group will endeavor to control the impact of rising interest rates on the Group according to the settlement features of the Group's businesses.

The implementation of the New Labor Law also has an impact on the labor costs of the majority of enterprises. However, as the Company strictly complies with labor laws in respect of the employment of the Company, the New Labor Law has minimal impact on the Company.

In the future, the Group faces more opportunities than challenges and will strive to further enlarge the market share of its MLCC operation.

FINANCIAL REVIEW

MLCC Business

MLCC is a type of multi-layer ceramic capacitor and a basic electronic component that has been widely used in information technology, communication and consumer electronic products. For the half year ended 30 June 2008, the revenue of the MLCC business of the Group increased by approximately 7.6% to approximately RMB109.4 million over the same period last year whereas the gross profit grew by approximately 18.3% to approximately RMB32.0 million. The gross profit margin increased by 2.7% to 29.3% over the same period last year.

The increase in revenue generated from the MLCC business of the Group in the first half of 2008 was mainly attributable to the increase in production capacity of MLCC because some major MLCC facilities which were purchased by making use of the listing proceeds in 2007 have commenced their operation. The Group produced and sold more MLCC products accordingly so as to better satisfy the orders from customers.

Compared to the same period last year, the Group's gross profit from the MLCC business increased in the first half of 2008 as a result of higher sales revenue and improved gross profit margin.

Mobile Phone Business

For the half year ended 30 June 2008, the revenue of the mobile phone business of Group grew by 27.3% to approximately RMB256.3 million and the gross profit decreased by RMB9 million to approximately RMB14.5 million. The gross profit margin was 5.7%, representing a decrease of 6.0% as compared to the same period last year.

Shenzhen Eycom Technology Co., Ltd. ("SZ Eycom"), a wholly-owned subsidiary which undertakes the mobile phone business of the Company recorded a loss of RMB3.2 million for the half year ended 30 June 2008. The results for the same period last year was a profit of RMB6.9 million.

For the half year ended 30 June 2008, the higher revenue from the mobile phone business as compared to the same period last year was mainly attributable to corresponding continuous contribution from the sales channels established by the Group companies.

For the six months ended 30 June 2008, both gross profit and gross profit margin of mobile phone business decreased, and SZ Eycom's business turned into a loss from a profit for the same period last year. The underlying reason for the loss for the current period was mainly due to the excessive and disorderly competition in China's mobile phone market. It is forecasted that there will not be any clear sign of turnaround for the coming year.

Profit for the Period

The profit attributable to the shareholders of the Company for the six months ended 30 June 2008 was approximately RMB10.9 million and the earnings per share was RMB0.027.

Gearing Ratio

The Group monitors capital using a 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 less cash and cash equivalents. Capital represents equity attributable to the equity holders of the parent. As at 30 June 2007, 31 December 2007 and 30 June 2008, the gearing ratios of the Group were approximately 50%, 0% and 35%, respectively.

Property, Plant and Equipment

The property, plant and equipment of the Group mainly comprised of buildings, plant and machinery, office and other equipment, motor vehicles and construction in progress. The net book values as at 31 December 2007 and 30 June 2008 were approximately RMB171.5 million and RMB217.5 million respectively. The increase in the property, plant and equipment of the Group during the said period was mainly attributable to the purchase of production facilities and the construction of production equipments for developing and expanding the production capacity for its MLCC, as well as the construction of the headquarters in Shenzhen Hi-Tech Industrial Park.

Inventories

The inventories of the Group mainly consist of raw materials for the production of the MLCC and mobile phone, work in progress and the relevant finished products. As at 31 December 2007 and 30 June 2008, the Group recorded net book value of inventories of approximately RMB75.5 million and RMB74.6 million respectively. The decrease in the inventory was mainly due to the stringent inventory control adopted by the Group for mitigating the risk of falling inventory price during the period, in particular the inventory of mobile phones.

Trade and Bills Receivables

The trade and bills receivables of the Group were mainly due from the customers of the Group's MLCC and mobile phone products during the period. As at 31 December 2007 and 30 June 2008, the Group recorded net book value of trade and bills receivables of approximately RMB117.3 million and RMB132.0 million respectively. The increase in the balances of trade and bills receivables were mainly due to the growth of sales of the MLCC business.

Trade and Bills Payables

The trade and bills payables of the Group were mainly the amount due to the suppliers. As at 31 December 2007 and 30 June 2008, the Group recorded net book value of trade and bills payables of approximately RMB138.2 million and RMB157.4million respectively. The increase in the trade and bills payables was mainly attributable to the increase in the purchase of raw materials for the MLCC and mobile phone production in order to cope with the increasing demand for the MLCC and mobile phone products produced by the Group.

Effective Tax Rate

The effective tax rates of the Group for the half year ended 30 June 2007 and half year ended 30 June 2008 were approximately 15.1% and 29.7% respectively. The higher effective tax rate of the Company for the half year ended 30 June 2007 was principally because of the accrued listing expenses that could not be used to offset the assessable profits; for the half year ended 30 June 2008, the higher effective tax rate of the Company was principally because of (i) the effective income tax rate of Shenzhen Eyang within the Group increased from 7.5% to 18%; (ii) the losses incurred by SZ Eycom could not be used to offset the assessable profits of Shenzhen Eyang; and (iii) the impact of deferred taxation.

Borrowings

As at 30 June 2008, the Group had outstanding borrowings of approximately RMB75.9 million that are all secured by RMB bank deposit of approximately RMB59.9 million . All the outstanding borrowings are repayable within 1 year.

Pledge of Assets

As at 30 June 2008, the Group pledged and charged certain property, plant and equipment and a bank deposit of RMB14.3 million in total net book value of approximately RMB72.2 million to secure the trade facilities of the Group.

Contingent Liabilities

As at 30 June 2008, the Group had no material contingent liabilities.

Commitments

The capital commitment of the Group increased from RMB25.2 million as at 31 December 2007 to RMB33.1 million as at 30 June 2008. Such increase was attributable to the capital commitment of approximately RMB29.9 million for the purchase of MLCC production facilities, RMB2.3 million for the related accessory facilities and capital commitment of approximately RMB0.9 million for the ancillary staff quarters.

Apart from trade and bills payables as disclosed above and intra-group liabilities, the Group did not have any other outstanding indebtedness, nor any outstanding loan capital issued but not yet redeemed or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees or other contingent liabilities outstanding as at 30 June 2008.

Liquidity, Financial Resources and Capital Structure

Net current asset

As at 30 June 2008, the Group had net current assets of approximately RMB159.5 million, comprising of current assets of approximately RMB440.8 million and current liabilities of approximately RMB281.3 million.

Cash flows

	Unaudited six months ended 30 June	
	2008	2007
	RMB'000	*RMB'000*
Net cash inflow/(outflow) from operating activities	**10,228**	(56,554)
Net cash outflow from investing activities	**(51,647)**	(9,670)
Net cash inflow/(outflow) from financing activities	**(37,859)**	7,241
Cash and cash equivalents at the end of period	**127,847**	65,874

For the half year ended 30 June 2008, the Group recorded a net cash inflow from operating activities of approximately RMB10.2 million. The increase amounting to RMB66.8 million as compared to the same period last year was mainly due to growth in sales amount and shorter credit period granted to customers.

Net cash outflow from investing activities amounted to RMB51.6 million for the half year ended 30 June 2008, as compared to net cash outflow from investing activities amounted to RMB9.7 million for the same period last year, which was mainly attributable to the purchase of MLCC production facilities, the construction of headquarters and the construction of MLCC production related accessory and living facilities.

Net cash outflow from financing activities amounted to approximately RMB37.9 million for the half year ended 30 June 2008, which was mainly attributable to the amount obtained from the exercise of over-allotment options on 15 January 2008 of approximately RMB6.5 million; the foreign currency bank loans of approximately RMB75.9 million for the purpose of mitigating foreign currency risk and the security of RMB59.9 million paid for borrowed amounts; the repayment of interest-bearing bank loans of RMB40.5 million for the purpose of lowering finance costs; the payment of borrowing interest and the shared profit paid to shareholder of RMB19.8 million.

Banking facilities

As at 30 June 2008, the Group had aggregate banking facilities of approximately RMB140 million, of which approximately RMB4 million had not been utilized.

Foreign exchange

For the half year ended 30 June 2008, approximately 28.3% of the Group's sales were denominated in US dollars and Hong Kong dollars. The majority of the Group's cost of sales and capital expenditures were denominated in RMB. The Group mainly hedged its exposure to fluctuation in exchange rates from RMB against US dollars and Hong Kong dollars by adjusting its structure of financing activities both within and outside the mainland China.

Staff

As at 30 June 2008, the Group had a total of 1,883 staff, whose remuneration and benefits are determined based on market rate, 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 six months ended 30 June 2008.

CORPORATE GOVERNANCE

During the six months period ended 30 June 2008, 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 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 the Model Code as set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors (the"Model Code"). Based on the specific enquiry by the Company, all Directors have confirmed that they all have fully complied with the required standards set out in the Model Code throughout the six months period ended 30 June 2008.

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 2008.

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

Hong Kong, 19 September 2008

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.