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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 2015

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 2015, together with the comparative results for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	<i>Notes</i>	2015 RMB’000	2014 RMB’000
Revenue	5	517,887	466,584
Cost of sales		(450,934)	(431,230)
Gross profit		66,953	35,354
Other revenue and other net income	6	12,481	15,836
Selling and distribution costs		(21,616)	(22,052)
Administrative expenses		(44,265)	(41,635)
Other expenses		(162)	(4,964)
Research and development costs	7(c)	(34,489)	(32,424)
Loss from operations		(21,098)	(49,885)
Finance costs	7(a)	(13,863)	(4,005)
Loss before taxation		(34,961)	(53,890)
Income tax credit	8	1,985	7,001
Loss for the year attributable to owners of the Company		(32,976)	(46,889)

	<i>Note</i>	2015 RMB'000	2014 RMB'000
Other comprehensive loss for the year, net of nil tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		<u>(950)</u>	<u>(1,448)</u>
Total comprehensive loss for the year attributable to owners of the Company		<u>(33,926)</u>	<u>(48,337)</u>
Loss per share			
Basic and diluted (RMB cents)	<i>10</i>	<u>(7.6)</u>	<u>(11.6)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		189,385	226,512
Investment properties		24,881	24,324
Prepaid land lease payments		18,877	19,365
Deposits paid for acquisition of property, plant and equipment		6,097	–
Other intangible assets		1,496	2,151
Deferred tax assets		12,264	9,145
		253,000	281,497
Current assets			
Inventories		101,131	88,040
Trade and bills receivables	11	228,119	188,228
Prepayments, deposits and other receivables		8,497	15,454
Due from related parties		–	5,410
Pledged bank deposits		7,525	24,691
Cash and bank balances		464,643	27,746
		809,915	349,569
Current liabilities			
Trade and bills payables	12	121,240	93,071
Deferred income, accruals and other payables		37,456	32,086
Tax payable		18,937	17,194
Bank loans		70,002	67,364
Dividends payable		88	84
		247,723	209,799
Net current assets		562,192	139,770
Total assets less current liabilities		815,192	421,267
Non-current liabilities			
Bond payable	13	345,693	–
Deferred income		23,529	23,999
Deferred tax liabilities		3,180	3,634
		372,402	27,633
NET ASSETS		442,790	393,634
Capital and reserves			
Share capital	14	4,571	3,824
Reserves		438,219	389,810
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		442,790	393,634

NOTES:

For the year ended 31 December 2015

1. GENERAL INFORMATION

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

The principal activity of the Company is investment holding, the principal activities of the Company's subsidiaries are manufacture and sale of multi-layer ceramic capacitor ("MLCC") and trading of MLCC.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB"), and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries.

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB") which is the Company's functional and the Group's presentation currency, and all value are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

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

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

3. APPLICATION OF NEW AND REVISED IFRSs

In the current year, the Group has applied the following new and revised IFRSs issued by the IASB.

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
- Amendments to IFRSs Annual Improvements to IFRSs 2010-2012 Cycle
- Amendments to IFRSs Annual Improvements to IFRSs 2011-2013 Cycle

The Group has not applied any new IFRS that is not yet effective for the current accounting period. Except as described below, the application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, *Related party disclosures* has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

4. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provide information about components of the Group. These information are reported to and reviewed by the chief operating decision marker (“CODM”), being the board of directors, for the purposes of resources allocation and performance assessment. The CODM considers the business from a business activity perspective.

The Group’s revenue, results, assets and liabilities are all attributable to the manufacture and sale of MLCC and the trading of MLCC. The directors of the Company consider that there is only one reportable operating segment for the Group. Accordingly, no operating segment information is provided for the years ended 31 December 2015 and 2014.

a) Geographical segments

i) Revenue from external customers

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

	2015 <i>RMB’000</i>	2014 <i>RMB’000</i>
Mainland China	399,175	352,512
Regions other than Mainland China	118,712	114,072
	<u>517,887</u>	<u>466,584</u>

ii) Non-current assets

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

b) Information about major customers

No single customer contributed 10% or more to the Group’s revenue for 2015 and 2014.

c) Revenue from major products and services

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

5. REVENUE

Revenue represents the net invoiced value of MLCC sold, after allowances for returns and trade discounts.

6. OTHER REVENUE AND OTHER NET INCOME

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Other revenue			
Interest income on financial assets not at fair value through profit or loss			
– bank interest income		1,122	2,549
Rental income	7(c)	6,539	6,672
Government grants (<i>note</i>)		2,117	1,331
Release of government grant as income		829	1,005
Sale of materials		289	207
Management fee income		313	615
Sundry income		1,524	1,134
		12,733	13,513
Other net income			
Exchange (loss)/gain		(1,915)	356
Long-outstanding trade payable written off		1,318	–
Net reversal of write down of inventories		345	–
Reversal of forfeiture of deposit paid		–	1,100
Reversal of impairment loss for trade receivables		–	27
Over-provided accrued expenses in prior years		–	840
		(252)	2,323
		12,481	15,836

Note: Government grants represented the subsidy to the Group by the PRC government as incentive primarily to encourage the development of the Group and the contribution to the local economic development.

7. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting) the following:

a) Finance costs

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest on bank loans	4,259	4,005
Interest on bond payable	9,604	—
	<u>13,863</u>	<u>4,005</u>

b) Staff costs (including directors' emoluments)

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Contributions to defined contribution retirement plan	9,258	10,041
Salaries, wages and other benefits (<i>notes i and ii</i>)	72,501	68,807
	<u>81,759</u>	<u>78,848</u>

c) Other items

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Cost of inventories (<i>note i</i>)	450,589	436,194
Depreciation (<i>notes i and ii</i>)	38,727	47,681
Amortisation of prepaid land lease payments	488	488
Amortisation of other intangible assets	539	362
Research and development costs:		
Current year expenditure (<i>note ii</i>)	34,489	32,424
Minimum lease payments under operating leases in respect of buildings	690	648
Auditor's remuneration	680	673
Foreign exchange differences, net	1,915	(356)
Impairment loss of trade receivables	379	277
Reversal of impairment loss for trade receivables	(256)	(304)
Loss on disposal of property, plant and equipment	1,788	1,436
Impairment loss of property, plant and equipment	14,587	6,571
Impairment loss of other intangible assets	116	—
Rental income on investment properties less direct outgoings of RMB739,000 (2014: RMB458,000)	6	(6,214)
	<u>(5,800)</u>	<u>(6,214)</u>

Notes:

- i) Included in cost of inventories are depreciation of RMB36,863,000 (2014: RMB41,552,000) and staff costs of RMB44,971,000 (2014: RMB42,534,000), which are also included in the respective total amounts disclosed separately above.
- ii) Included in research and development costs are depreciation of RMB116,000 (2014: RMB1,773,000) and staff costs of RMB7,666,000 (2014: RMB7,122,000), which are also included in the respective total amounts disclosed separately above.

8. INCOME TAX CREDIT

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2015	2014
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax (“EIT”) for the year	1,588	2,215
– Overprovision in prior years	–	(1,445)
Deferred taxation		
– Origination and reversal of temporary differences	(3,573)	(7,771)
Income tax credit for the year	<u>(1,985)</u>	<u>(7,001)</u>

- i) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.
- ii) No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the years ended 31 December 2015 and 2014.
- iii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI respectively.
- iv) For the year ended 31 December 2015, all PRC subsidiaries were subject to EIT rate of 25% (2014: 25%).

9. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2015 and 2014, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to owners of the Company of RMB32,976,000 (2014: RMB46,889,000) and the weighted average of 431,523,000 ordinary shares (2014: 405,500,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2015 '000	2014 '000
Issued ordinary shares at 1 January	405,500	405,500
Effect of shares issued upon exercise of share options	3,804	–
Effect of shares issued upon placing of shares	22,219	–
	<u>431,523</u>	<u>405,500</u>

b) Diluted loss per share

Diluted loss per share for the year ended 31 December 2015 was the same as the basic loss per share because the share options outstanding during the year had an anti-dilutive effect.

Diluted loss per share for the year ended 31 December 2014 was the same as the basic loss per share because the exercise prices of the Company's outstanding share options were higher than the average market prices of the Company's shares during the year ended 31 December 2014.

11. TRADE AND BILLS RECEIVABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade receivables	188,522	140,237
Bills receivables	45,603	53,874
	234,125	194,111
Less: Impairment	(6,006)	(5,883)
	228,119	188,228

- a) The Group's trading terms with its customers are mainly on credit. The credit periods are generally two to four months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control policy to minimise its credit risk. Overdue balances are reviewed regularly by management. Trade receivables are non-interest bearing.
- b) The bills receivables were all due within 60 to 360 days from the end of the reporting period.
- c) An aged analysis of the trade receivables as at the end of the reporting period based on the invoice date is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 90 days	157,850	115,748
91 to 180 days	24,168	18,545
181 to 360 days	462	60
1 to 2 years	108	–
2 to 3 years	–	1,274
Over 3 years	5,934	4,610
	188,522	140,237

- d) An aged analysis of the bills receivables as at the end of the reporting period based on bills issue date is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 90 days	13,851	40,658
91 to 180 days	31,674	13,216
181 to 360 days	78	–
	45,603	53,874

12. TRADE AND BILLS PAYABLES

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Trade payables	102,656	80,529
Bills payables	18,584	12,542
	<u>121,240</u>	<u>93,071</u>

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 90 days	93,731	67,246
91 to 180 days	7,912	12,222
181 to 360 days	497	872
1 to 2 years	382	40
Over 2 years	134	149
	<u>102,656</u>	<u>80,529</u>

- b) The trade payables are non-interest bearing and are normally settled within 30 to 120 days.
- c) An aged analysis of the bills payables as at the end of the reporting period based on bills issue date is as follows:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 90 days	14,660	12,542
91 to 180 days	3,924	-
	<u>18,584</u>	<u>12,542</u>

13. BOND PAYABLE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Bond payable	<u>345,693</u>	<u>–</u>

On 14 August 2015, a wholly owned subsidiary of the Company issued a two-year corporate bond with a principal amount of HK\$400,000,000 (equivalent to approximately RMB329,620,000) to an independent third party at an issue price equal to the face value of the bond. The bond is secured by equity interests in two wholly owned subsidiaries of the Company. The bond payable bears interest at the rate of 8% per annum which is repayable on 13 August 2017, the maturity date of the bond.

The Group may at any time after the first anniversary of the issue date of the bond to the maturity date to early redeem the whole outstanding bond payable, including the principal amount of HK\$400,000,000 and the interest accrued thereon, with the prior written consent from the bond holder provided that not less than 15 days' advance notice of such redemption intention shall have been given to the bond holder.

14. SHARE CAPITAL

a) Authorised and issued share capital

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Authorised:		
1,000,000,000 ordinary shares of HK\$0.01 each	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:		
At the beginning of the year 405,500,000 ordinary shares of HK\$0.01 each	4,055	4,055
Shares issued upon exercise of share options (9,900,000 ordinary shares of HK\$0.01 each)	99	–
Shares issued upon placing of shares (81,100,000 ordinary shares of HK\$0.01 each)	<u>811</u>	<u>–</u>
At the end of the year 496,500,000 ordinary shares of HK\$0.01 each (2014: 405,500,000 ordinary shares of HK\$0.01 each)	<u>4,965</u>	<u>4,055</u>
Equivalent to RMB'000	<u>4,571</u>	<u>3,824</u>

The owners of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

b) Shares issued upon exercise of share options

During the year ended 31 December 2015, 9,900,000 share options were exercised to subscribe for 9,900,000 ordinary shares of the Company at a total consideration of HK\$10,415,000 (equivalent to approximately RMB8,354,000), of which HK\$99,000 (equivalent to approximately RMB80,000) was credited to share capital and HK\$10,316,000 (equivalent to approximately RMB8,274,000) was credited to share premium account, and RMB2,835,000 was transferred from the share option reserve to the share premium account.

During the year ended 31 December 2014, no share options were exercised.

c) Shares issued upon placing of shares

On 7 September 2015, the Company entered into a placing agreement with a placing agent pursuant to which the Company agreed to place, through the placing agent, 81,100,000 new shares of the Company to not less than six independent placees at the placing price of HK\$1.15 per placing share. On 23 September 2015, the placing of the shares was completed and 81,100,000 new shares of the Company were issued to not less than six independent placees. Of the net proceeds of approximately HK\$90,813,000 (equivalent to approximately RMB74,728,000) from the issue of the shares upon placing, approximately HK\$811,000 (equivalent to approximately RMB667,000) was credited to share capital and the remaining balance of approximately HK\$90,002,000 (equivalent to approximately RMB74,061,000) was credited to share premium account.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2015 (2014: nil).

BUSINESS REVIEW

The continuous implementation of a series of operational measures by the Group in the last few years has yielded some preliminary fruitful results. The Group has completed the upgrade and reform of the second base plant in Anhui province during the year and has led to the result that the Group now has a better customer mix. The Group has also made tremendous efforts in promoting production quality, research and development (“R&D”) of new products and upgrading of old products leading to the successful super-miniaturisation process of the Group’s products. Super-miniature 0201 capacitors have emerged as the knock-out product of the Company, particularly those with high capacity and high precision owing to the very successful R&D works conducted, and have also boosted the core competitiveness of the Group’s products as these products have gained a firm footing in the highly competitive MLCC market and seized a rather large market share in the domestic brand customers market. As such, the total unit of the Group’s MLCC products sold hit its record-high in 2015 together with a marked increase in the revenue and gross profit generated by these products.

However, against a backdrop of the volatile international economic conditions and that domestically, the aggravated tide of closing down of domestic enterprise customers leading competitors to cut product prices to strive for survival, the practice of large batch purchases from branded customers has limited the Group's profit margin; and the continual increase of the Group's operational costs including labor costs, have all resulted in a squeeze of the Group's profit margin. Further, owing to the depreciation of Renminbi since August 2015, the exchange loss so incurred has also reduced the Group's profitability.

Owing to the factors aforementioned, for the year ended 31 December 2015, despite the fact that the Group experienced satisfactory increases in its sales and gross profit mainly due to the success of the new super-miniature products launched during the year, the intense price competition of the industry, the rising operating costs and the depreciation of Renminbi had together to a considerable extent eroded the Group's profit margin which mainly caused that a loss attributable to owners of the Company of RMB33.0 million was recorded by the Group, compared to a larger loss of RMB46.9 million in last year.

FINANCIAL REVIEW

Revenue

In 2015, the revenue from the Group's MLCC business amounted to RMB517.9 million, representing an increase of 11.0% from that of 2014. The increase was mainly due to the success of the Group in achieving a better customer mix in the second half of 2015 and has seized a rather large share in the market of domestic branded mobile phone customers. The Group's sales in terms of unit of products recorded an increase of 21.2% despite a decrease in the average selling price of MLCC products owing to intense price competition of the industry.

Gross Profit Margin

The gross profit margin of the Group's MLCC business in 2015 was 12.9%, representing an increase of 5.3% from 7.6% in 2014. The increase was mainly due to the production and sale of super-miniature 0201 capacitors have reached a scale that could make a significant improvement to the Group's gross profit margin.

Other Revenue and Other Net Income

The Group's other revenue and other net income totalled RMB12.5 million in 2015, representing a decrease of RMB3.4 million from that of 2014. The decrease was mainly due to interest income earned during the year was down by RMB1.4 million and an exchange loss of RMB1.9 million was recorded.

Selling and Distribution Costs

The Group's selling and distribution costs amounted to RMB21.6 million in 2015, remained at a similar level to that of 2014.

Administrative Expenses

The Group's administrative expenses were RMB44.3 million in 2015, increased by RMB2.6 million compared to that of 2014. The increase was mainly due to a larger impairment loss on property, plant and equipment of RMB14.6 million was recorded in 2015 compared to RMB6.6 million in 2014.

Research and Development Costs

The Group's research and development costs were RMB34.5 million in 2015, representing a 6.4% increase from that of 2014. The increase was mainly due to the R&D works on high capacity and high precision products of super-miniature 0201 capacitors conducted during the year.

Other Expenses

The Group's other expenses were RMB0.2 million in 2015, representing a decrease of RMB4.8 million from that of 2014. This was mainly due to a continued decrease in aged inventories as a result of the increased sales during the year and that no significant provision on aged inventories was therefore made in 2015.

Finance Costs

The Group's finance costs were RMB13.9 million in 2015, representing an increase of RMB9.9 million from that of 2014, the increase was mainly due to the additional interest expenses incurred relating to the issue of corporate bond in August 2015.

Property, Plant and Equipment

The net carrying amount of the Group's property, plant and equipment as at 31 December 2015 was RMB189.4 million, representing a decrease of RMB37.1 million from that of 2014. The decrease was mainly due to the depreciation of approximately RMB38.1 million charged during the current year (including an accelerated depreciation of RMB8.4 million resulted from a reassessment in 2014) and the impairment loss of RMB14.6 million, after being partly offset by the Group's new MLCC production equipment and construction in progress amounted to RMB18.6 million.

Investment Properties

The Group's investment properties amounted to RMB24.9 million at the year end, representing an increase of RMB0.6 million from that of 2014, this was mainly due to the slight increase in property floor area for lease.

Other Intangible Assets

The Group's other intangible assets amounted to RMB1.5 million at the year end, representing a decrease of RMB0.7 million from that of 2014, the decrease represented the amortisation of intangible assets associated with the SAP management software.

Trade and Bills Receivables

As at 31 December 2015, the Group's trade and bills receivables amounted to RMB228.1 million, representing an increase of RMB39.9 million from that of 2014. This was mainly due to the increase in revenue generated from the Group's MLCC business which led to a corresponding increase in trade receivables.

Prepayments, Deposits and Other Receivables

As at 31 December 2015, prepayments, deposits and other receivables of the Group amounted to RMB8.5 million, representing a decrease of RMB7.0 million from that of 2014, which was primarily due to the decrease in input VAT subject to deduction during the current year.

Cash and Bank Balances and Pledged Bank Deposits

As at 31 December 2015, the Group's cash and bank balances and pledged bank deposits totalled RMB472.2 million, representing an increase of RMB419.7 million from that of 2014. The increase was mainly due to the proceeds raised from the issue of corporate bond and new shares during the year.

Trade and Bills Payables

As at 31 December 2015, the Group's trade and bills payables increased by RMB28.2 million compared with that of 2014, this was mainly due to the corresponding increase in purchases as a result of the increased production and sales of MLCC products during the year.

Deferred Income, Accruals and Other Payables

As at 31 December 2015, the Group's deferred income, accruals and other payables amounted to RMB37.5 million, representing an increase of RMB5.4 million from that of 2014. This was mainly due to an increase in other taxes and salaries payable.

Bank Loans

As at 31 December 2015, the Group had outstanding bank loans of RMB70.0 million, which remained at a similar level to that of 2014, all the bank loans were repayable within one year and bore floating interest rates. All the banks loans were also secured of which approximately RMB60.0 million (2014: RMB nil) and RMB10.0 million (2014: RMB67.4 million) were denominated in Renminbi and United States dollars, respectively.

Bond Payable

During the year, the Group issued corporate bond and raised proceeds of HK\$400 million (equivalent to approximately RMB329.6 million) that were originally intended to be used to expand the Group's production capacity mainly for installing additional production lines and R&D facilities. A major part of this production expansion plan is temporarily on hold in light of the volatile international economic conditions and increasing competition of the industry, and as announced by the Company on 14 March 2016, the proceeds raised may apply to the potential new business as mentioned therein.

Contingent Liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

Commitments

As at 31 December 2015, the Group had capital commitments of RMB14.3 million, representing an increase of RMB13.4 million from that of 2014, which was mainly because certain contracts for purchasing equipment newly signed during the year had not yet been performed at the year end.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net Current Assets

As at 31 December 2015, the Group had net current assets of approximately RMB562.2 million (2014: 139.8 million), including current assets of RMB809.9 million (2014: 349.6 million) and current liabilities of RMB247.7 million (2014: 209.8 million). The Group had a strong current ratio calculated based on current assets over current liabilities of 3.3 at the year end (2014: 1.7).

Banking Facilities

As at 31 December 2015, the Group had aggregate banking facilities of approximately RMB200.0 million, of which approximately RMB149.1 million had not been utilised.

Shares Placement

In September 2015, the Company conducted a share placement under which 81,100,000 new shares at the placing price of HK\$1.15 per share were issued to independent investors. The Company raised net proceeds of approximately HK\$90.8 million (equivalent to approximately RMB74.7 million) and were intended and had been applied as working capital of the Group.

Gearing Ratio

The Group monitors its capital structure through gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated at the sum of bank loans, bond payable, trade and bills payables and accruals and other payables (excluding deferred income) less cash and cash equivalent. Capital represents equity attributable to the owner of the Company (excluding share capital). As at 31 December 2015 and 2014, the gearing ratio of the Group was approximately 18.8% and 26.3% respectively, the decrease in gearing ratio in 2015 was mainly due to the increase in equity owing to the placement of the Company's shares during the year.

Financial Resources

With the amount of liquid assets on hand as well as credit facilities granted by banks, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

FOREIGN CURRENCY RISK

In 2015, the Group's sales were mainly denominated in Renminbi, US dollars and Hong Kong dollars, whilst its purchases were mainly denominated in Renminbi, US dollars, Hong Kong dollars and Japanese Yen. The trade receivables denominated in US dollars were less than the trade payables denominated in US dollars, and the trade receivables denominated in Hong Kong dollars were greater than the trade payables denominated in 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 exchange rates, foreign currencies risk will exist to a certain extent. As the Group has a certain amount of short-term financing denominated in US dollars which is not hedged, it is also exposed to foreign currencies risk to a certain extent.

The Group will undertake appropriate hedging measures should foreign currency risks become significant.

CHARGES ON ASSETS

As at 31 December 2015, certain buildings, plant and machinery, prepaid land lease payments and investment properties of the Group with carrying amounts of approximately RMB47.6 million, RMB nil, RMB11.1 million and RMB21.8 million respectively (2014: RMB36.7 million, RMB8.8 million, RMB11.4 million and RMB21.2 million respectively) have been pledged as securities for long term bank borrowings.

EMPLOYEES

As at 31 December 2015, the Group had a total of about 1,250 employees (2014: 1,359) and staff costs (including directors' emoluments) for 2015 amounted to RMB81.8 million (2014: RMB78.8 million). The remunerations and benefits of employees are determined based on prevailing market conditions, state policies and individual performance.

BUSINESS PROSPECT

As the MLCC business, which is the Group's principal business, continued to incur losses in the previous years, the Board has been actively exploring other business opportunities in order to diversify the existing business of the Group and to explore new markets with significant growth potential with the view to enhance the business prospects of the Group and to create value to shareholders. As announced by the Company on 14 March 2016, the Company is in the course of establishing certain wholly-owned subsidiaries ("New Subsidiaries") in Hong Kong and overseas with a view to commence and develop business of financial investment and provision of financial services, which may include, but not limited to, i) direct investments in debt, equity and/or any other assets, ii) asset management and iii) provision of financial advisory services (the "Potential New Business"). The Board intends to develop the Potential New Business through self-development of the New Subsidiaries and/or investment(s) in suitable targets/assets through the New Subsidiaries or any other subsidiaries which is/are to be financed by the Group's internal resources.

The Board expects that the Potential New Business will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance. Further announcement regarding the Potential New Business will be made by the Company as and when appropriate in due course.

CORPORATE GOVERNANCE PRACTICE

Throughout the process of formulating business strategy and devising procedures to implement both operation and execution plans to achieve business goals, the Board has always been embarking on attaining a high standard of corporate governance on the basis of the code provisions as stipulated in the Corporate Governance Code (the "CG Code") in Appendix 14 to the Listing Rules. The Board from time to time reviews the Company's corporate governance practice and make necessary changes, if necessary, for the purpose of reaching the required standards of the CG Code and beyond. During the year ended 31 December 2015, the Company has complied with all the CG Code provisions except for the provisions as stated and explained below:

- a) Code provision A.2.1 of the CG Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chen Weirong ("Mr. Chen"), the former executive director of the Company, held both positions since he joined the Board. The Board opined that vesting the roles of both chairman and chief executive officer in the same person

could provide the Group with strong and consistent leadership and allow for more effective planning and execution of long term business strategies and enhances the efficiency of decision making process in response to the ever changing business environments. Mr. Chen resigned from the offices of Chairman, Chief Executive Officer and Executive Director of the Company on 5 November 2015. Currently, the two posts of Chairman and Chief Executive Officer remain vacant and the Board is in the process of identifying suitable candidates to fill the vacancies. The Company will make further announcement once appointment of Chairman and Chief Executive Officer is confirmed.

- b) Pursuant to Code provision A.6.7 of the CG Code, independent non-executive directors should attend general meetings to develop a balanced understanding of the views of shareholders. Only one independent non-executive director was present at the annual general meeting held on 3 June 2015. All other independent non-executive directors had already been engaged in either their business or personal commitments on that day and unable to attend the meeting.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Chu Kin Wang, Peleus (Chairman), Mr. Liang Rong and Mr. Xu Xuechuan. The main duties of the Committee are to review the financial statements and financial and accounting policies of the Company and oversee the Company's financial reporting system, internal control procedures and risk management system of the Company.

The Audit Committee has 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 2015 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 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

During the year ended 31 December, 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares.

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
Sue Ka Lok
Executive Director

Hong Kong, 29 March 2016

As at the date of this announcement, the Board comprises Mr. Zhou Chunhua, Mr. Zhu Xiaodong, Mr. Kwok Oi Lung Roy, Mr. Sue Ka Lok and Mr. Jing Wenping as Executive Directors and Mr. Chu Kin Wang, Peleus, Mr. Liang Rong and Mr. Xu Xuechuan as Independent Non-executive Directors.