

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2010**

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 2010, together with the comparative figures for the corresponding period of 2009.

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

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

		Unaudited	
		Six months ended 30 June	
		2010	2009
	Notes	RMB'000	RMB'000
			(Restated)
<b>CONTINUING OPERATIONS</b>			
REVENUE	3	200,648	128,572
Cost of sales		<u>(152,978)</u>	<u>(100,136)</u>
Gross profit		47,670	28,436
Other income	4	6,317	2,532
Selling and distribution costs		(7,422)	(4,175)
Administrative expenses		(12,485)	(8,027)
Research and development costs		(4,624)	(1,999)
Other expenses		(1,542)	(2,263)
Finance costs	5	<u>(2,279)</u>	<u>(226)</u>
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>			
		25,635	14,278
Income tax expenses	6	<u>(4,085)</u>	<u>1,871</u>
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>			
		21,550	16,149
<b>DISCONTINUED OPERATION</b>			
Loss for the period from a discontinued operation	12	<u>—</u>	<u>(10,997)</u>
<b>PROFIT FOR THE PERIOD</b>			
		<u>21,550</u>	<u>5,152</u>

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i> (Restated)
<b>OTHER COMPREHENSIVE INCOME</b>		
Exchange realignment	<u>459</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		
	<u><b>22,009</b></u>	<u>5,158</u>
Profit for the period attributable to:		
Equity holders of the Company	<u>21,550</u>	<u>5,152</u>
Total comprehensive income for the period attributable to:		
Equity holders of the Company	<u>22,009</u>	<u>5,158</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>		
	7	
Basic		
— For profit for the period	<b>5.3 cents</b>	1.3 cents
— For profit from continuing operations	<u><b>5.3 cents</b></u>	<u>4.0 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2010*

		30 June 2010 <i>RMB'000</i> (Unaudited)	31 December 2009 <i>RMB'000</i> (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	260,644	245,247
Investment properties		16,148	16,383
Land lease prepayments	9	21,560	21,805
Deferred tax assets		1,928	1,930
Other intangible assets		1,456	1,541
 Total non-current assets		 301,736	 286,906
<b>CURRENT ASSETS</b>			
Inventories		96,873	113,849
Trade and bills receivables	10	150,018	126,346
Prepayments, deposits and other receivables		7,113	8,492
Cash and bank balances		29,370	35,823
Pledged bank deposits		23,706	25,840
Due from related parties		1,764	2,983
 Total current assets		 308,844	 313,333
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	55,043	82,138
Deferred income, accruals and other payables		20,820	26,610
Tax payable		9,402	9,687
Interest-bearing bank loans		86,950	63,851
Dividends payable		6,873	171

	<b>30 June 2010</b>	31 December 2009
<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Total current liabilities	<u>179,088</u>	<u>182,457</u>
<b>NET CURRENT ASSETS</b>	<u>129,756</u>	<u>130,876</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>431,492</u>	<u>417,782</u>
<b>NON-CURRENT LIABILITIES</b>		
Deferred income	3,871	4,274
Deferred tax liabilities	<u>4,568</u>	<u>3,413</u>
Total non-current liabilities	<u>8,439</u>	<u>7,687</u>
Net assets	<u>423,053</u>	<u>410,095</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	3,824	3,824
Proposed final dividend	—	9,273
Reserves	<u>419,229</u>	<u>396,998</u>
Total equity	<u>423,053</u>	<u>410,095</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and are in compliance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standard Board (the “IASB”). These unaudited condensed consolidated interim results should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2009.

### 2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements have been prepared under the historical cost convention, except for the derivatives financial instruments which are measured at fair value. Except as described below, the accounting policies used in these unaudited condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2009.

#### 2.1 Impact of New and Revised International Financial Reporting Standards

For the current interim period, the Group has adopted for the first time the following new revised International Financial Reporting Standards (“IFRSs”) which comprise standards and interpretations issued by the IASB and are effective for the Group’s financial year beginning 1 January 2010.

IFRS 1 (Revised)	<i>First-time Adoption of International Financial Reporting Standards</i>
IFRS 1 Amendments	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Additional Exemptions for First-time Adopters</i>
IFRS 2 Amendments	<i>Amendments to IFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions</i>
IFRS 3 (Revised)	<i>Business Combinations</i>
IAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
IAS 39 Amendment	<i>Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to IFRS 5 included in Improvements to IFRSs issued in May 2008	<i>Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued operations — Plan to sell the controlling interest in a subsidiary</i>

The adoption of the above new and revised IFRSs has no material impact on the results and financial position of the Group for the current and prior periods.

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

The Group has not early applied the new and revised IFRSs which have been issued but not yet effective in these financial statements. The Group is in the process of assessing the impact of these new and revised IFRSs upon initial application and believes that these IFRSs are unlikely to have significant impact on the Group's results of operation and financial position.

## 3. SEGMENT INFORMATION

For management purpose, the Group is organized into business units based on the nature of their products and services they provide.

Following the disposal of the Group's entire mobile phones business in October 2009 (please refer to note 22 for further details), the multi-layer ceramic capacitor ("MLCC") segment became the only major continuing reportable operating segment of the Group engaging in manufacture and sale of MLCC and trading of MLCC. Accordingly, no further business segment information is provided.

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

	Unaudited	
	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
		(Restated)
Sales to external customers:		
Mainland China	97,550	57,524
Hong Kong and Macau	64,160	55,172
America and Europe	37,654	1,206
Japan	1,276	226
Turkey	8	4,455
Taiwan	—	5,355
India	—	4,634
	<u>200,648</u>	<u>128,572</u>

#### 4. OTHER INCOME

An analysis of other income is as follows:

	Unaudited	
	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
		(Restated)
<b>Other income</b>		
Bank interest income	163	99
Sale of materials	1,118	569
Amortisation of deferred income	403	403
Rental income	3,124	1,261
Others	509	200
Government grant	1,000	—
	<u>6,317</u>	<u>2,532</u>

#### 5. FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2010	2009
	RMB'000	RMB'000
		(Restated)
Interest on bank loans	<u>2,279</u>	<u>226</u>

#### 6. TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period.



The Company's subsidiaries, Shenzhen Eyang Technology Development Co., Ltd. ("SZ Eyang") (深圳市宇陽科技發展有限公司), on 16 December 2008 obtained the high technology enterprise accreditation which entitled it to an income tax rate of 15% from 2008 to 2010. Other subsidiaries of the Group were subject to the standard corporate income tax ("CIT") of 25% for the period.

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2010</b>	2009
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Group:		
Current — PRC CIT for the period	<b>2,928</b>	1,583
Over provision in prior year	—	(3,699)
Deferred	<b>1,157</b>	245
	<hr/>	<hr/>
Total tax charge for the period	<b><u>4,085</u></b>	<u>(1,871)</u>

## 7. EARNINGS PER SHARE

Basis earning per share is calculated on the basis of profit for the period attributable to equity holders of the Company and the weighted average of 405,500,000 ordinary shares in issue during the period (2009: 405,500,000 ordinary shares).

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

## 8. PROPERTY, PLANT AND EQUIPMENT

For the six months period ended 30 June 2010 the total additions of property, plant and equipment amounted to approximately RMB24,768,789 (2009: approximately RMB451,623).

## 9. LAND LEASE PREPAYMENTS

	<b>30 June</b>	31 December
	<b>2010</b>	2009
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Opening balance	<b>22,293</b>	22,781
Additions during the period/year	—	—
Amortisation	<b>(245)</b>	(488)
	<hr/>	<hr/>
Carrying amount	<b>22,048</b>	22,293
Current portion included in prepayments, deposits and other receivables	<b>(488)</b>	(488)
	<hr/>	<hr/>
Non-current portion	<b><u>21,560</u></b>	<u>21,805</u>

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

## 10. TRADE AND BILLS RECEIVABLES

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
Trade and bills receivables	<b>158,418</b>	134,746
Impairment	<b>(8,400)</b>	(8,400)
	<b><u>150,018</u></b>	<u>126,346</u>

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

The bills receivable will all be mature within 180 days.

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

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
Within 90 days	<b>117,974</b>	78,575
91 to 180 days	<b>959</b>	21,679
181 to 360 days	<b>828</b>	1,181
1 to 2 years	<b>—</b>	106
Over 2 years	<b>3,112</b>	3,080
	<b><u>122,873</u></b>	<u>104,621</u>
Bills receivable	<b><u>35,545</u></b>	<u>30,125</u>
	<b><u>158,418</u></b>	<u>134,746</u>

## 11. TRADE AND BILLS PAYABLES

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

	<b>30 June 2010 RMB'000 (Unaudited)</b>	31 December 2009 RMB'000 (Audited)
Within 90 days	<b>48,681</b>	47,390
91 to 180 days	<b>5,952</b>	678
181 to 360 days	—	10
1 to 3 years	<b>68</b>	60
	<hr/>	<hr/>
	<b>54,701</b>	48,138
Bills payable	<b>342</b>	34,000
	<hr/>	<hr/>
	<b>55,043</b>	82,138
	<hr/> <hr/>	<hr/> <hr/>

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.

## 12. DISCONTINUED OPERATION

On 4 September 2009, the Group entered into a disposal agreement with Shenzhen Weichuang Investment Co., Ltd. (“Weichuang Investment”) (深圳市偉創投資有限公司), a related party of the Company, to transfer the entire equity interest in SZ Eycom to Weichuang Investment at a consideration of RMB3,445,000. SZ Eycom engages in the manufacture and sale of mobile phones. The Group has decided to cease its mobile phone business in view of the continuing loss from the mobile phone business and the fierce competition in the PRC mobile phone market, and to focus its resources on the development of the growing MLCC business. The disposal of SZ Eycom was completed on 14 October 2009. As at 31 December 2009, no assets or liabilities of the Group were attributable to this discontinued operation.

The results of SZ Eycom for the period are presented below:

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	—	181,671
Cost of sales	—	(177,146)
	<hr/>	<hr/>
Gross profit	—	4,525
Other income and gains	—	219
Selling and distribution costs	—	(9,877)
Administrative expenses	—	(3,308)
Research and development costs	—	(2,057)
Other expenses	—	(241)
Finance costs	—	(258)
	<hr/>	<hr/>
Loss before tax from the discontinued operation	—	(10,997)
Income tax	—	—
	<hr/>	<hr/>
Loss for the period from the discontinued operation	<hr/> <hr/>	<hr/> <hr/> (10,997)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group has successfully disposed of its mobile business which recorded continuous loss in October 2009, getting rid of the encumbrance arising from the mobile business. In the analysis of this report, unless otherwise stated, mobile business is excluded from the Group's business.

During the first six months of 2010, the performance of major developed economies such as the US, Europe and Japan varied. While the US began to recover, the economy of Europe was still in recession due to the sovereign debt crisis in some of its member states. As for Japan, its economy was stagnant. On the other hand, the economies of developing countries, the "BRIC" (the Mainland China, India, Russia and Brazil) in particular, have shown strong economic growth. The gross demand for electronic products rebounded globally. However, there was an uneven geographical distribution where developing countries, especially the Mainland China, saw a faster pace of growth. Meanwhile, digital products with new technologies, represented by "3G" mobile phones and LED digital televisions, have been replacing the traditional electronic products rapidly while new energy-saving products with lower emission like LED lighting products have substantially replaced traditional products, resulting in a robust demand for MLCC. The management mastered the market trends to improve the Company's performance and competitiveness through the following measures: further increase in research and development expense, enhancement of technological innovation capabilities of MLCC business, upgrade of the core competitiveness of the Group's product, optimization of product mix so as to increase the proportion of customers whose primary markets are the Mainland China, other countries in the "BRIC" and developing countries. Comparing to the same period of 2009, the Group's revenue from operations increased by 56.1% and the profit after tax attributable to shareholders amounted to RMB21.6 million, an increase of 33.4% comparing to the same period of 2009.

During the first six months of 2010, the exchange rates among major currencies fluctuated vigorously. As a result of the sovereign debt crisis in some member states of Europe, Euro depreciated significantly against US dollars; US dollars weakened against Japanese Yen following an appreciation; RMB strengthened against US dollars; RMB strengthened substantially against Euro; the exchange rate of RMB fluctuated fiercely against Japanese Yen. Due to the fact that more than 50% of the Group's sales revenue was denominated in US dollars and Hong Kong dollars and most raw materials and equipment were procured in Japanese Yen, the appreciation of RMB against US dollars and the vigorous fluctuation of RMB against Japanese Yen affected the results of the Group to a certain extent.

## **FUTURE PROSPECTS**

In the second half of 2010, major developed economies such as the US, Europe and Japan will be still exposed to a double dip pattern. Led by China, the economies of developing countries (especially the “BRIC”) will experience a strong growth. Meanwhile, as the upgrade and replacement of electronic products keep going, their demand will continue to grow strongly since there will not be any fundamental changes in the market demand comparing to the first half of the year.

In the second half of 2010, it is expected that RMB will strengthen with a faster pace against the world’s major currencies. Exchange rates will also fluctuate more vigorously.

The MLCC business of the Group has shifted to a clientele whose primary markets are the Mainland China and other countries in the “BRIC”. It is well positioned to benefit from the economic recovery of the world, particularly from that of the developing countries. Since the research and development capabilities of the Group’s MLCC have been improved substantially and have achieved competitive advantages, the management are optimistic about the prospects of MLCC sales.

## **FINANCIAL REVIEW**

### **Revenue**

The revenue of the Group’s business for the first six months of 2010 was RMB200.6 million, representing an increase of 56.1% over the same period of 2009. This was mainly because: (1) the management had shifted its business focus to a clientele whose primary markets were the Mainland China and other developing countries; (2) the Group’s product research and development capabilities have been improved substantially, so that the launch of new products was speeded up and managed to catch up with global top companies in terms of technologies; (3) facilitated by the ongoing economic stimulation policies such as the “Home Appliances Subsidy for Rural Villages” launched by the PRC Government, the demand for electronic products in the PRC maintained a strong growth.

### **Gross Profit**

Gross profit of the Group’s business for the first six months of 2010 was RMB47.7 million, representing an increase of 67.6% over the same period of 2009. The increase was mainly due to the growth in sales revenue and gross margin.

## **Gross Margin**

The gross margin of the Group's business for the first six months of 2010 was 23.8%, representing an increase of 1.7 percentage points over the same period of 2009. This was mainly due to the enhancement of the Group's technological innovation capabilities, thereby increasing the proportion of products with higher gross margin that contributed to sales revenue.

## **Other Income and Gain**

Other income and gain of the Group for the first six months of 2010 amounted to RMB6.3 million, representing an increase of 149.5% over the same period of 2009. This was mainly due to the use of renewable resources that were non-reusable during the process of sales and production for green environmental protection and carbon and emission reduction.

## **Selling and Distribution Costs**

The selling and distribution costs of the Group for the first six months of 2010 were RMB7.4 million, representing an increase of 77.8% over the same period of 2009. This was mainly due to the increase in sales revenue which resulted in the corresponding increase of selling and distribution costs and the increase in costs for exploring new clients.

## **Administrative Expenses**

The administrative expenses of the Group for the first six months of 2010 were RMB12.5 million, representing an increase of 55.5% over the same period of 2009. This was mainly due to a substantial increase in business volume which resulted in the increase of staff remunerations and related expenses and the fact that companies in Mainland China had recovered from the financial turmoil to the position prior to the financial turmoil, in terms of overall staff remuneration level.

## **Research and Development Costs**

The research and development costs of the Group for the first six months of 2010 were RMB4.6 million, representing an increase of 131.3% over the same period of 2009. This was mainly due to the greater involvement in research and development, resulting in the enhancement of technological innovation capabilities.

## **Financial Costs**

The financial costs of the Group for the first six months of 2010 were RMB2.3 million, representing an increase of RMB2 million as compared to approximately RMB0.21 million over the same period of 2009. This was mainly due to the increase in sales revenue of the Group, increase in procurement of raw materials required for production and increase in the average balance of capital loans.

## **Income Tax Expense**

Income tax expense of the Group for the first six months of 2010 amounted to RMB4.1 million, with an effective tax rate of 15.9% for the period. This was mainly due to (1) The accreditation of “High and New Technology Enterprise” to Shenzhen Eyang Technology Development Co., Ltd., a wholly-owned subsidiary of the Company, by the Central Government in 2008 entitled Shenzhen Eyang to a 15% corporate income tax rate for 3 years starting from 2008; (2) the disposal of its subsidiary Shenzhen Eycom Technology Co., Ltd., which was loss-making during 2008 and 2009, in October 2009.

## **Profit Attributable to Shareholders from Continuous Operations**

Profit attributable to shareholders from continuous operations for the six months ended 30 June 2010 was RMB21.6 million, representing an increase of 33.4% compared to the same period of 2009 where profit attributable to shareholders from continuous operations amounted to RMB16.1 million. This was mainly due to the increase in sales revenue.

## **Gearing Ratio**

The Group monitors capital through gearing ratio, being net liabilities divided by capital and net liabilities. Net liabilities are determined as the aggregate of bank loans, trade and bills payables and other payables less cash and cash equivalent. Capital refers to the equity attributable to the equity holders of the parent company. As at 30 June 2010, the gearing ratio of the Group was approximately 22.0%, representing a slight decrease as compared to that as at 31 December 2009 (22.6%). This was mainly due to a corresponding decrease in trade and bills payables and other payables whilst an increase in bank loans.



## **Banking facilities**

As at 30 June 2010, the Group had banking facilities of approximately RMB283 million, of which about RMB156 million remained undrawn. The Group believes that the capital resources available can satisfy the funding requirement for the expected capital expenditures in the near future.

## **Liquidity**

As at 30 June 2010, total current assets and current liabilities were RMB308.8 million and RMB179.1 million respectively (as at 31 December 2009: RMB313.3 million and RMB182.5 million respectively), which resulted in net current assets of RMB129.8 million (31 December 2009: RMB130.9 million). As at 30 June 2010, cash and cash equivalent amounted to RMB29.4 million (31 December 2009: RMB35.8 million). This was mainly due to (1) liquidity turnover was speeded up for higher liquidity efficiency so that total current assets and current liabilities and net current assets remained unchanged whilst an increase of 56.1% in sales revenue; (2) cash and cash equivalent was reasonably controlled so that interest expenses were effectively lowered.

## **Interest Rate, Exchange Rate and Contingent Liabilities**

Given the loose monetary policy adopted by the Central Government since the outbreak of financial crisis, coupled with the Group's minimal level of borrowings, the Group does not expect any significant interest rate risk in the foreseeable future. The Group's export sales were mainly denominated in US dollars and Hong Kong dollars and its import procurements were mainly denominated in Japanese Yen. In the first half of 2010, there was a certain extent of appreciation for the RMB against US dollars and Hong Kong dollars respectively and there was vigorous fluctuation for the RMB against Japanese Yen. Such vigorous fluctuation affected the results of the Company to a certain extent, but such adverse impact would be offset by Renminbi appreciation to a certain extent due to the increase in proportion of sales revenue denominated in Renminbi. The management will keep on monitoring the development of the global foreign exchange market and, if necessary, employ appropriate measures to hedge against any potential exchange risks. There were no contingent liabilities for the Group as at 30 June 2010 (2009: nil).

## **Capital Commitments**

As of 30 June 2010, the total capital commitments of the Group amounted to RMB6.4 million, representing a decrease of RMB13.2 million as compared to that as at 31 December 2009. It was mainly due to the decrease of undelivered equipment procurement of the Group and the payment at maturity of Anhui Jineyang for plant construction.

## **Staff**

The total number of staff as at 30 June 2010 was 1,442 (31 December 2009: 1,371), an increase of 71 staff members over the same period last year. There was no material change in the Group's remuneration policies which were in line with the existing market practice and the requirements from the relevant regulatory bodies.

## **DIVIDENDS**

At the board meeting held on 16 April 2010, a final dividend of HK\$2.6 cents per ordinary share was declared by the board for the year ended 31 December 2009. The final dividend in total of RMB9,273,000 was fully paid on 15 July 2010.

The board of directors resolved not to declare any interim dividend for the six months ended 30 June 2010 (the six months ended 30 June 2009: Nil).

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed shares of the Company during the six months ended 30 June 2010.

## **CORPORATE GOVERNANCE**

During the six months period ended 30 June 2010, the Company had complied with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited except code provision A.2.1. The Company does not have a separate Chairman and Chief Executive Officer and Mr. Chen Weirong currently holds both positions. The board of directors believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership, allows for more effective planning and execution of long-term business strategies and enhances the efficiency of decision-making process in response to the changing environment. The board of directors strongly believe that the three independent non-executive directors can provide the board with sufficient independent and differing views to ensure a balance of power.

## **MODEL CODE FOR DEALING SECURITIES BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by directors of the Company (the “Company Code”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. Following specific enquiry of all directors of the Company, all directors have confirmed that they had complied with the required standard set out in the Model Code and the Company Code of conduct regarding directors’ securities transactions throughout the six months ended 30 June 2010.

## **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 2010.

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

Hong Kong, 27 August 2010

*As at the date of this announcement, the Board comprised 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.*