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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 2013

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 2013, 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 2013

	Note	**2013** ***RMB'000***	2012 *RMB'000* (restated)
Continuing operation			
Revenue	*5*	**513,150**	414,143
Cost of sales		**(429,103)**	(353,602)
Gross profit		**84,047**	60,541
Other revenue and other net income	*6*	**15,786**	13,846
Selling and distribution costs		**(19,178)**	(16,555)
Administrative expenses		**(39,217)**	(35,274)
Other expenses		**(6,296)**	(9,412)
Change in fair value of Net Contingent Consideration Payable		**–**	3,510
Research and development costs	*7(c)*	**(21,601)**	(7,714)
Profit from operations		**13,541**	8,942
Finance costs	*7(a)*	**(4,500)**	(7,644)
Profit before taxation		**9,041**	1,298
Income tax	*8*	**(8,132)**	(6,430)
Profit/(loss) for the year from continuing operation		**909**	(5,132)

	Note	2013 RMB'000	2012 RMB'000 (restated)
Discontinued operations			
Loss for the year from discontinued operations	*9*	**(6,282)**	(3,027)
Loss for the year		**(5,373)**	(8,159)
Other comprehensive income/(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		**2,304**	(14)
Total comprehensive loss for the year		**(3,069)**	(8,173)
Profit/(loss) for the year attributable to owners of the Company arising from:			
Continuing operation		**909**	(5,132)
Discontinued operations		**(6,282)**	(3,027)
		(5,373)	(8,159)
Total comprehensive income/(loss) attributable to owners of the Company arising from:			
Continuing operation		**3,213**	(5,146)
Discontinued operations		**(6,282)**	(3,027)
		(3,069)	(8,173)
Earnings/(loss) per share	*11*		
From continuing and discontinued operations			
Basic and diluted		**(1.3)**	(2.0)
From continuing operation			
Basic and diluted		**0.2**	(1.3)
From discontinued operations			
Basic and diluted		**(1.5)**	(0.7)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**261,167**	277,415
Investment properties		**18,296**	26,625
Prepaid land lease payments		**19,853**	20,341
Other intangible assets		**1,170**	1,025
Deferred tax assets		**3,771**	2,891
		304,257	328,297
Current assets			
Inventories		**76,907**	110,363
Trade and bills receivables	12	**227,129**	221,873
Prepayments, deposits and other receivables		**12,823**	32,080
Due from related parties		**5,474**	10,869
Pledged deposits		**128,411**	40,677
Cash and bank balances		**53,941**	48,018
		504,685	463,880
Current liabilities			
Trade and bills payables	13	**108,336**	119,440
Deferred income, accruals and other payables		**36,211**	45,849
Due to related parties		**2,400**	40
Tax payable		**22,732**	28,155
Bank loans		**170,275**	144,599
Dividends payable		**254**	256
		340,208	338,339
Net current assets		**164,477**	125,541
Total assets less current liabilities		**468,734**	453,838
Non-current liabilities			
Deferred income		**20,732**	2,138
Deferred tax liabilities		**6,031**	6,010
		26,763	8,148
NET ASSETS		**441,971**	445,690

	2013	2012
	RMB'000	*RMB'000*
CAPITAL AND RESERVES		
Share capital	**3,824**	3,824
Reserves	**438,147**	441,866
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY	**441,971**	445,690

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

	Attributable to owners of the Company							
	Share capital *RMB'000*	**Share premium account** *RMB'000*	**Contributed surplus** *RMB'000*	**Share option reserve** *RMB'000*	**Exchange fluctuation reserve** *RMB'000*	**Statutory reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2012	3,824	104,657	198,939	4,785	2,962	36,268	92,960	444,395
Loss for the year	–	–	–	–	–	–	(8,159)	(8,159)
Exchange differences on translation of foreign operations	–	–	–	–	(14)	–	–	(14)
Total comprehensive loss for the year	–	–	–	–	(14)	–	(8,159)	(8,173)
Transfer to reserve	–	–	–	–	–	1,667	(1,667)	–
Deemed contribution from the shareholders	–	–	9,468	–	–	–	–	9,468
Transfer to retained profits upon forfeiture of share options	–	–	–	(225)	–	–	225	–
At 31 December 2012 and 1 January 2013	3,824	104,657	208,407	4,560	2,948	37,935	83,359	445,690
Loss for the year	–	–	–	–	–	–	(5,373)	(5,373)
Exchange differences on translation of foreign operations	–	–	–	–	2,304	–	–	2,304
Total comprehensive loss for the year	–	–	–	–	2,304	–	(5,373)	(3,069)
Transfer to reserve	–	–	–	–	–	2,833	(2,833)	–
Deemed distribution to the shareholders *(note 14)*	–	–	(650)	–	–	–	–	(650)
Transfer to retained profits upon forfeiture of share options	–	–	–	(370)	–	–	370	–
At 31 December 2013	3,824	104,657	207,757	4,190	5,252	40,768	75,523	441,971

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL INFORMATION

EYANG Holdings (Group) Co., Limited (the "Company") was incorporated in the Cayman Islands on 6 March 2007 as an exempted company with limited liability 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 PRC.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are mainly involved in manufacture and sale of multi-layer ceramic capacitor ("MLCC") (continuing operation), trading of mobile phones (discontinued operation) and manufacture and sale of batteries (discontinued operation).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and the International Accounting Standards and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee that remain in effect, and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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 and the Company. 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

(i) The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together "the Group").

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") and the functional currency of the Company is RMB.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the contingent consideration and the derivative financial instruments are stated at the fair value.

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.

(ii) During the year ended 31 December 2013, there was an allegation of false accounting regarding the trading of mobile phones (the "Mobile Phone Business") of the Group ("the allegation").

On 30 April 2013, the board of directors was informed that the company secretary of the Company was arrested by the Hong Kong Police on 25 April 2013 in connection with false accounting with respect to the Group's Mobile Phone Business which was operated by a subsidiary of the Company, Hong Kong Weichang NER Co. Limited ("HK Weichang"), for the period from August 2011 to March 2012. The company secretary was released on bail.

A special board committee ("Special Committee") was set up by the Company and carried out investigation with the assistance of an independent PRC law firm and made reference to the internal control review report issued by Pan China (HK) CPA Limited and completed the investigation in November 2013. The Special Committee concluded that:

— No fraudulent trading occurred in the mobile phone trading business conducted by HK Weichang;

— The operation of the mobile phone trading business conducted by HK Weichang did not contravene any PRC laws and related rules and/or regulations;

— The Mobile Phone Business conformed to the international practice regarding sale and purchase of goods and fell within the threshold of normal and reasonable business activities commonly practised in the PRC;

— The problems associated with the Mobile Phone Business resulted from inadequate supervision from the management and apparent defects in the internal control systems. However, there was no evidence showing any integrity problem of the management of the Mobile Phone Business.

The board of directors of the Company considered that based on the investigation results of the Special Committee, no further actions should be taken.

On 28 June 2013, the Group passed a written resolution for the voluntary winding-up of HK Weichang and liquidators were appointed. Upon the appointment of liquidators, the directors of the Company considered that the Group had no power to control HK Weichang. The results, assets, liabilities and cash flows of HK Weichang were deconsolidated from the consolidated financial statements from 28 June 2013. The details are set out in note 9.

Subsequently, on 13 June 2014, the Board was informed by the company secretary of the Company that on 12 June 2014, Hong Kong Police had removed his bail and released him unconditionally.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following new and revised IFRSs issued by the IASB.

Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

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 new and revised 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.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in the financial statements has been modified accordingly. In addition, the Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in the financial statements.

IFRS 10 Consolidated Financial Statements

IFRS 10 replaces the requirements in IAS 27 Consolidated and Separate Financial Statements relating to the preparation of consolidated financial statements and SIC 12 Consolidation — Special Purpose Entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 13 Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in corresponding note to the financial statements. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

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") for the purposes of resources allocation and performance assessment. The identity of CODM is the board of directors. The CODM considers the business from a business activity perspective. Each of the Group's segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other segments. The Group has the following three reportable segments. No operating segments have been aggregated to form the reportable segments.

Continuing operation:

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

Discontinued operations:

— the trading of mobile phone segment engages in the trading of mobile phones; and

— the batteries segment engages in the manufacture and sale of batteries.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets, non-current assets and current assets that are directly managed by the segments. Segment liabilities include all current liabilities and non-current liabilities attributable to the activities of the individual segments and including bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. To arrive at segment results, the Group allocated income and expense to those segments but excluded interest income, finance costs and change in fair value of Net Contingent Consideration Payable.

In addition to receiving segment information concerning segment result, the Group's CODM is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Information regarding the Group's reportable segments and the reconciliation to the corresponding consolidated totals in the financial statement are shown below.

Year ended 31 December 2013

	Continuing operation	Discontinued operations			Inter-segment elimination	
	MLCC	**Trading of mobile phones**	**Battery**	**Sub-total**		**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales to external customers	513,150	–	38,612	38,612	–	551,762
Inter-segment revenue	–	–	–	–	–	–
	513,150	–	38,612	38,612	–	551,762
Segment results	12,309	–	(6,316)	(6,316)	–	5,993
Reconciliation:						
Interest income	1,232	–	35	35	–	1,267
Finance costs	(4,500)	–	–	–	–	(4,500)
Profit before taxation	9,041	–	(6,281)	(6,281)	–	2,760
Segment assets and total assets	808,942	–	–	–	–	808,942
Segment liabilities and total liabilities	366,971	–	–	–	–	366,971
Other segment information:						
Write-down of inventories	6,296	–	–	–	–	6,296
Reversal of impairment of trade receivables	(2,731)	–	–	–	–	(2,731)
Impairment loss of property, plant and equipment	2,326	–	–	–	–	2,326
Loss on disposal of property, plant and equipment	1,054	–	–	–	–	1,054
Depreciation and amortization	33,440	–	22	22	–	33,462
Additions to non-current segment assets during the year	12,915	–	6	6	–	12,921
Research and development costs	21,601	–	–	–	–	21,601
Interest income	(1,232)	–	(35)	(35)	–	(1,267)
Finance costs	4,500	–	–	–	–	4,500

Year ended 31 December 2012 (restated)

	Continuing operation	Discontinued operations			Inter-segment elimination	
	MLCC	Trading of mobile phones	Battery	Sub-total		Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue						
Sales to external customers	414,143	112,993	11,199	124,192	–	538,335
Inter-segment revenue	–	–	6,783	6,783	(6,783)	–
	414,143	112,993	17,982	130,975	(6,783)	538,335
Segment results	4,039	2,423	(3,563)	(1,140)	–	2,899
Reconciliation:						
Interest income	1,393	–	–	–	–	1,393
Finance costs	(7,644)	–	–	–	–	(7,644)
Change in fair value of Net Contingent Consideration Payable	3,510	–	–	–	–	3,510
Profit before taxation	1,298	2,423	(3,563)	(1,140)	–	158
Segment assets	736,667	165	55,556	55,721	–	792,388
Reconciliation:						
Elimination of inter-segment receivables						(211)
Total assets						792,177
Segment liabilities and total liabilities	297,300	1,960	47,227	49,187	–	346,487
Other segment information:						
Write-down of inventories	8,077	–	163	163	–	8,240
Impairment of trade receivables	908	–	–	–	–	908
Impairment loss of property, plant and equipment	–	–	1,903	1,903	–	1,903
Loss on disposal of property, plant and equipment	133	–	–	–	–	133
Depreciation and amortization	32,286	–	820	820	–	33,106
Additions to non-current segment assets during the year*	18,748	–	2,807	2,807	–	21,555
Research and development costs	7,714	–	–	–	–	7,714
Interest income	(1,393)	–	–	–	–	(1,393)
Finance costs	7,644	–	–	–	–	7,644

* capital expenditure consists of additions to property, plant and equipment including assets from the acquisition of subsidiaries.

(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 and services are rendered, is as follows:

Continuing operation:

	2013	2012
	RMB'000	*RMB'000*
		(restated)
Mainland China	**412,449**	282,474
Regions other than Mainland China	**100,701**	131,669
	513,150	414,143

Discontinued operations:

	2013	2012
	RMB'000	*RMB'000*
		(restated)
Mainland China	**30,451**	11,199
Regions other than Mainland China	**8,161**	112,993
	38,612	124,192

(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 assets are located in Mainland China.

(b) Information about major customers

No single customer contributed 10% or more to the Group's revenue from continuing operations for 2013 and 2012.

(c) Revenue from major products and services

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

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue is as follows:

	2013	2012
	RMB'000	*RMB'000*
		(restated)
Continuing operation		
Sale of MLCC	**513,150**	414,143
Discontinued operations		
Sale of battery	**38,612**	11,199
Trading of mobile phones	**–**	112,993
	38,612	124,192

6. OTHER REVENUE AND OTHER NET INCOME

	2013	2012
	RMB'000	*RMB'000*
		(restated)
Continuing operation:		
Other revenue		
Interest income on financial assets not at fair value through profit or loss — bank interest income	**1,232**	1,393
Rental income	**6,820**	6,262
Government grants	**257**	1,504
Released of government grant as income	**1,055**	1,055
Sale of materials	**1,054**	2,407
Commission income	**337**	975
Sundry income	**110**	250
	10,865	13,846
Other net income		
Exchange gain	**2,190**	–
Reversal of impairment loss for trade receivables	**2,731**	–
	4,921	–
	15,786	13,846
Discontinued operations:		
Other revenue		
Interest income on financial assets not at fair value through profit or loss — bank interest income	**35**	–
Sundry income	**75**	2
	110	2

7. PROFIT BEFORE TAX

Profit before tax from continuing operations is arrived at after charging/(crediting) the following:

(a) Finance costs

	2013	2012
	RMB'000	*RMB'000*
		(restated)
Continuing operation:		
Total interest expense on financial liabilities not at fair value through profit or loss:		
Interest on bank loans wholly repayable within five years	**4,500**	7,644

(b) Staff costs (including directors' remuneration)

	2013	2012
	RMB'000	*RMB'000*
		(restated)
Continuing operation:		
Contributions to defined contribution retirement plan	**3,427**	3,238
Salaries, wages and other benefits *(note i and ii)*	**56,084**	56,652
	59,511	59,890
Discontinued operations:		
Contributions to defined contribution retirement plan	**87**	16
Salaries, wages and other benefits *(note i and ii)*	**2,312**	393
	2,399	409

(c) Other items

	2013	2012
	RMB'000	*RMB'000*
		(restated)
Continuing operation:		
Cost of inventories *(note i)*	**435,399**	361,679
Depreciation *(note i and ii)*	**32,763**	31,626
Amortisation of prepaid land lease prepayments	**488**	488
Amortisation of other intangible assets	**189**	172
Research and development costs:		
Current year expenditure *(note ii)*	**21,601**	7,714
Minimum lease payments under operating leases in respect of buildings	**687**	263
Auditors' remuneration	**1,436**	2,683
Foreign exchange differences, net	**(2,190)**	45
Forfeiture of deposit paid for acquisition of property, plant and equipment	**–**	1,100
(Reversal of impairment)/impairment of trade receivables *(note iii)*	**(2,731)**	908
Loss on disposal of property, plant and equipment	**1,054**	133
Impairment loss of property, plant and equipment	**2,326**	–
Rental income on investment properties less direct outgoings of RMB473,000 (2012: RMB348,000)	**(6,347)**	(5,914)
Discontinued operations:		
Cost of inventories *(note i)*	**37,035**	120,559
Depreciation *(note i and ii)*	**22**	820
Impairment loss of property, plant and equipment	**–**	1,903
Minimum lease payments under operating leases in respect of buildings	**160**	45
Foreign exchange differences, net	**71**	102

Note:

(i) For continuing operation, cost of inventories includes RMB70,342,000 (2012: RMB63,973,000 (restated)) relating to staff costs and depreciation, which are also included in the respective total amounts disclosed separately above.

For discontinued operations, cost of inventories includes RMB819,000 (2012: RMB409,000 (restated)) relating to staff costs and depreciation, which are also included in the respective total amounts disclosed separately above.

(ii) Included in research and development costs are depreciation of RMB137,000 (2012: RMB137,000) and staff costs of RMB3,938,000 (2012: RMB3,758,000), which are also included in the respective total amounts disclosed separately above.

(iii) The reversals of impairment and impairment of trade receivables are included in "Other revenue and other net income" and "Other expenses" respectively on the face of the consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	2013	2012
	RMB'000	*RMB'000*
		(restated)
Continuing operation:		
Current tax		
— PRC Enterprise Income Tax for the year	**10,430**	7,072
— Overprovision in prior years	**(1,439)**	(858)
Deferred taxation		
— Origination and reversal of temporary differences	**(859)**	216
Income tax for the year	**8,132**	6,430
Discontinued operations:		
Current tax		
— PRC Enterprise Income Tax for the year	**1**	889
— Underprovision in prior years	**–**	998
Income tax for the year	**1**	1,887

(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 year.

(iii) Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI respectively.

(iv) On 31 October 2010, Shenzhen Eyang Technology Development Co., Ltd. ("SZ Eyang") (深圳市宇陽科技發展有限公司), a subsidiary of the Company in Mainland China, was recognised as a high technology enterprise again and was subject to enterprise income tax rate of 15% from 2011 to 2013.

(v) Except for SZ Eyang mentioned above that was entitled to a preferential tax rate of 15%, the subsidiaries of the Company in Mainland China were required to pay enterprise income tax ("EIT") at the standard rate of 25% during the year.

9. DISCONTINUED OPERATIONS

On 27 December 2013, the Group disposed of its entire equity interest in a wholly owned subsidiary, Shenzhen Eyang Energy Company Limited and its subsidiary (the "Energy Group"), engaging in the manufacture and sale of batteries, which was acquired on 12 November 2012. The disposal was completed on 27 December 2013 and the details were set out in note 14. As a result of the disposal of Energy Group, the Group's business operation in the manufacture and sale of batteries were discontinued.

On 28 June 2013, the Group passed a written resolution for voluntary wind-up of an indirect wholly-owned subsidiary, HK Weichang, which engaged in the trading of mobile phones and liquidators were appointed. Upon the appointment of liquidators, the directors of the Company considered that the Group loss of control of HK Weichang. The results, assets and liabilities and cash flows of HK Weichang were deconsolidated from the consolidated financial statements from 28 June 2013 and the details are set out in note 15. As a result of the voluntary winding-up of HK Weichang, the Group's business operation in the trading of mobile phones was discontinued.

Accordingly, the financial results of the Energy Group and HK Weichang were classified and presented as discontinued operations in accordance with IFRS 5 "Non-Current Assets Held for Sale and Discontinued operations". The comparative figures for the year ended 31 December 2012 have been reclassified to conform with current year presentation.

The results of the discontinued operations for the years ended 31 December 2013 and 2012 are set out below:

		2013			2012		
	Note	**Battery** *RMB'000*	**Trading of mobile phones** *RMB'000*	**Total** *RMB'000*	Battery *RMB'000*	Trading of mobile phones *RMB'000*	Total *RMB'000*
Revenue	*5*	**38,612**	**–**	**38,612**	11,199	112,993	124,192
Cost of sales		**(37,035)**	**–**	**(37,035)**	(11,266)	(109,130)	(120,396)
Gross profit/(loss)		**1,577**	**–**	**1,577**	(67)	3,863	3,796
Other revenue	*6*	**110**	**–**	**110**	2	–	2
Selling and distribution costs		**(1,667)**	**–**	**(1,667)**	(488)	(1,214)	(1,702)
Administrative expenses		**(6,301)**	**–**	**(6,301)**	(3,010)	(226)	(3,236)
(Loss)/profit before taxation	*7*	**(6,281)**	**–**	**(6,281)**	(3,563)	2,423	(1,140)
Income tax	*8*	**(1)**	**–**	**(1)**	(1,283)	(604)	(1,887)
		(6,282)	**–**	**(6,282)**	(4,846)	1,819	(3,027)
Gain on loss of control of a subsidiary	*15*	**–**	**–**	**–**	–	–	–
(Loss)/profit for the year from discontinued operations attributable to owners of the Company		**(6,282)**	**–**	**(6,282)**	(4,846)	1,819	(3,027)

10. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2013 and 2012, nor has any dividend been proposed since the end of the reporting period.

11. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share attributable to the owners of the Company is based on the following data:

The Group's profit/(loss) attributable to owners of the Company:

	2013	2012
	RMB'000	*RMB'000*
		(restated)
From continuing operation	**909**	(5,132)
From discontinued operations	**(6,282)**	(3,027)
Total	**(5,373)**	(8,159)
Number of shares:		
Weighted average number of shares	**405,500,000**	405,500,000

(b) Diluted earning/(loss) per share

Diluted earning/(loss) per share for the years ended 31 December 2013 and 2012 were the same as the basic earnings/(loss) per share because the exercise prices of the Company's outstanding share options were higher than the market prices of the Company's shares during the years.

12. TRADE AND BILLS RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**155,516**	185,396
Bills receivables	**77,523**	45,118
	233,039	230,514
Less: Impairment	**(5,910)**	(8,641)
	227,129	221,873

(a) An aged analysis of the trade receivables as at the end of the reporting period based on the invoice date is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**134,608**	132,996
91 to 180 days	**13,866**	42,171
181 to 360 days	**1,844**	1,762
1 to 2 years	**1,373**	1,239
2 to 3 years	**423**	–
Over 3 years	**3,402**	7,228
	155,516	185,396

(b) An aged analysis of the bills receivables as at the end of the reporting period based on bills issued date is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**43,557**	30,354
91 to 180 days	**33,281**	14,764
181 to 360 days	**685**	–
	77,523	45,118

13. TRADE AND BILLS PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**81,165**	118,022
Bills payables	**27,171**	1,418
	108,336	119,440

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

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**80,587**	84,386
91 to 180 days	**230**	31,693
181 to 360 days	**148**	1,077
1 to 2 years	**46**	194
Over 2 years	**154**	672
	81,165	118,022

(b) An aged analysis of the bills payables as at the end of the reporting period based on bills issued date is as follows:

	2013	2012
	RMB'000	*RMB'000*
Within 90 days	**18,306**	629
91 to 180 days	**8,865**	668
181 to 360 days	**–**	121
	27,171	1,418

14. DISPOSAL OF SUBSIDIARIES

On 15 November 2013, the Group entered into the share disposal agreement ("Share Disposal Agreement") with the original vendors of Energy Group ("Original Vendors") under which it was agreed that the Original Vendors should repurchase 100% of the equity interest of the Energy Group ("Disposal"). In addition, since the audited financial statements of the Energy Group prepared in accordance with the generally accepted accounting principles in Hong Kong have not yet been finalized as at signing date of the Share Disposal Agreement, the Group and the Original Vendors agreed to amend the terms of the Share Purchase Agreement such that references to "audited consolidated accounts" of the Energy Group were amended to "unaudited consolidated management accounts" of the Energy Group. The Group and the Original Vendors further confirmed that the amount of net contingent consideration payable ("Net Contingent Consideration Payable") by the Group to the Original Vendors under the Share Purchase Agreement should be adjusted to RMB9,200,000 ("Adjusted Consideration Payable") being the amount of the net assets of the Energy Group at 31 December 2012 as recorded in such unaudited consolidated management accounts.

The Share Disposal Agreement was approved, confirmed and ratified by an extraordinary general meeting held on 24 December 2013 and the Disposal was completed on 27 December 2013. The difference between the carrying amount of the Net Contingent Consideration Payable of RMB nil and the Adjusted Consideration Payable of RMB9,200,000 represented the deemed distribution to shareholders and was recognised in contribution surplus in reserve.

Pursuant to the Share Disposal Agreement, the total consideration payable by the Original Vendors to the Group was RMB10,400,000 in which RMB9,200,000 ("Set-off Consideration") was set off against the Adjusted Consideration Payable and the remaining consideration of RMB1,200,000 shall be satisfied by the Original Vendors in cash on 31 December 2013 or later.

The net assets of Energy Group at the date of disposal were as follows:

	RMB'000
Consideration received	
Consideration receivable	1,200
Set-off Consideration	9,200
Total consideration	10,400
Analysis of assets and liabilities of Energy Group disposed:	
Plant and equipment	362
Cash and bank balances	6,817
Trade receivables	1,562
Bills receivables	607
Prepayments and deposits	9,759
Inventories	1,084
Tax payable	(9,575)
Trade payables	(2,091)
Accruals and other payables	(14,967)
Net liabilities disposed of	(6,442)
Deemed distribution to shareholders on disposal of subsidiaries	
Total consideration	10,400
Net liabilities derecognized	6,442
Indemnification asset receivables *(note i)*	(8,292)
Deemed contribution from shareholders arising from the Disposal	8,550
Deemed distribution to shareholders arising from Adjusted Consideration Payable *(note ii)*	(9,200)
Deemed distribution to shareholders upon Share Disposal Agreement	(650)

Note:

(i) At 31 December 2012, the Group had an indemnification asset receivable of RMB8,292,000 provided by the Original Vendors for the underprovision of tax payable for the pre-acquisition period estimated by the directors of the Company. Up to the disposal date of the Energy Group, there was no action from the tax authorities and the Group did not make any payment for those underprovided tax payable. The directors of the Company considered that the Group should no longer bear such underprovided tax payable and it was appropriate to derecognise the indemnification asset receivable when the Energy Group was disposed.

(ii) The deemed distribution to shareholders represented the difference between the carrying amount of the Net Contingent Consideration Payable and the Adjusted Consideration Payable.

15. LOSS OF CONTROL OF A SUBSIDIARY

The net assets/liabilities of HK Weichang at the date of loss of control were as follows:

	RMB'000
Net liabilities:	
Other receivables	1,741
Cash and bank balances	159
Tax payables	(1,900)
Net assets/liabilities	–
Gain on loss of control of a subsidiary	–

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2013.

"Basis for Qualified of Opinion

As detailed in the auditor's report dated 16 July 2014, we issued a disclaimer of opinion on the consolidated financial statements for the year ended 31 December 2012 due to the limitation on the scope of the audit in relation to the trading of mobile phones (the "Mobile Phone Business"). The Group recorded sales, costs of sales and segment profit of RMB112,993,000, RMB109,130,000 and RMB1,819,000, respectively, during the year ended 31 December 2012. We were unable to obtain sufficient appropriate audit evidence about the sales of mobile phones to customers and the corresponding cost of sales and segment profit during the year ended 31 December 2012 because (i) there was inadequate documentary evidence available for us to verify the delivery of mobile phones both from the suppliers and to the customers; (ii) there was inadequate documentary evidence available for us to verify the identity of all customers; (iii) there was no satisfactory explanation provided to us to explain the reasons for the bank receipts of the Group totaling RMB30,543,000 and the bank payments of the Group totaling RMB48,281,000 during the year ended 31 December 2012 being transacted through intermediaries for the settlement of the recorded sales and purchase transactions; (iv) we were unable to carry out any effective confirmation procedure in relation to the sales and purchase of mobile phones for the purpose of our audit; and (v) we were unable to obtain sufficient appropriate audit evidence to verify the occurrence and accuracy of these sales and purchases and there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the sales and purchases transactions recorded under the Mobile Phone Business during the year ended 31 December 2012 were free from material misstatement.

Any adjustments that might have been found to be necessary in respect of the above would have a consequential effect on the financial position of the Group as at 31 December 2012, the loss and cash flows of the Group for the year then ended and the related disclosures in the consolidated financial statements. Since certain opening balances at 31 December 2012 formed the basis for the calculation of the loss from discontinued operation for the year and the corresponding cash flows, we were unable to determine whether the loss from discontinued operation for the year reported in the consolidated statement of profit or loss and other comprehensive income and the net cash flows from operating activities reported in the consolidated statement of cash flows and the related disclosures were free from material misstatement.

Qualified Opinion

In our opinion, except for the possible effects of matter described in the Basis for Qualified Opinion paragraphs, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without further qualifying our opinion, we draw attention to an allegation of false accounting regarding the Mobile Phone Business of the Group ("the Allegation") as more fully disclosed in note 2(b)(ii) to the consolidated financial statements. A Special Committee was set up by the Company to investigate into the Allegation. According to the results of the investigation, there was no false accounting identified in the Mobile Phone Business as alleged."

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In this year, we witnessed the rapid development of the mobile internet industry, the emergence of smart wearable devices, smart TV, smart home, smart phone and other smart concepts, as well as a strong growth of 60% in the output of smart phones in the PRC. Capitalizing on this valuable opportunity and thanks to the concerted efforts of our staff, MLCC business recorded a double-digit growth in revenue with continuous improvement in gross profit margin.

For the Group's mobile phone trading business, in view of the shrinking sales volume, decrease in gross profit, limited management resources and other factors emerged in 2012, the Board decided to close down the business for the year, and carried out the voluntary winding-up process on 28 June 2013 in respect of Hong Kong Weichang NER Co., Limited (hereinafter referred to as Hong Kong Weichang), a wholly-owned subsidiary of the Group engaged in mobile phone trading business, and provisional liquidators were appointed on the same day.

Meanwhile, despite the adoption of various measures by the Company, the newly acquired battery business still recorded a loss due to the unexpected adverse effects suffered by its business operations and development resulting from certain external factors, such as the new rules and requirements regulating enterprises engaged in the production of lead-acid batteries issued by the PRC government authorities. Given the fact that the business is no longer capable of offering the Group relevant opportunities, on 15 November 2013, the Group entered into a share disposal agreement with the original vendors, under which the original vendors agreed to repurchase the entire equity interest in the company operating the battery business. For details, please refer to the notice of the extraordinary general meeting of the Group dated 9 December 2013.

FINANCIAL REVIEW

As the voluntary winding-up process in respect of the subsidiary engaged in mobile phone trading business was carried out on 28 June 2013, and the battery business was carved out from the Group on 27 December 2013, unless otherwise specifically stated, the following analysis will only focus on the MLCC business, which is the Company's sole continuing operation.

Revenue from Principal Business

In 2013, the revenue from the Group's MLCC business amounted to RMB513.2 million, representing a 23.9% increase from that of 2012. This was mainly attributable to the expansion of the MLCC market share driven by the adjustment in marketing strategies made by the Group's management, with a focus on the PRC market and the market of mobile internet terminal industry featured by smart phones and tablet computers.

Gross Profit Margin

The gross profit margin of the Group's MLCC business for 2013 was 16.4%, representing an increase of 1.8% from 14.6% for 2012. This was mainly due to the changes in product sales structure resulting from the adjustment in market structure and the opportunity for profit growth brought to the Company by the strong sales of miniature and super-miniature MLCC products.

Other Revenue and Other Net Income

Other revenue and other net income of the Group for 2013 were RMB15.8 million, representing an increase of RMB2.0 million from that of 2012. This was mainly due to the increase in exchange gain and the write-back of the bad debt provision for receivables.

Selling and Distribution Costs

The selling and distribution costs of the Group for 2013 were RMB19.2 million, representing an increase of RMB2.6 million from that of 2012, this was mainly resulted from the increased input made by the Group to expand its market share in the mobile internet terminal industry market which was in line with the shift of MLCC sales to such market.

Management Costs

The management costs of the Group for 2013 were RMB39.2 million, representing an increase of RMB3.9 million from that of 2012, this was mainly resulted from the increase in non-recurring expense.

Research and Development Costs

The research and development costs of the Group for 2013 were RMB21.6 million, representing a 180.0% increase from that of 2012. The growth was mainly attributable to the initiative to enhance the core competitiveness of MLCC by increasing input for research and development of MLCC0201 high-end products and new super-miniature products for mobile internet.

Other Expenses

Other expenses of the Group for 2013 were RMB6.3 million, representing a 33.1% decrease from that of 2012. This was mainly due to the write-back of bad debt provision for receivables.

Finance Costs

The finance costs of the Group for 2013 were RMB4.5 million, representing a decrease of RMB3.1 million from that of 2012. This was mainly attributable to a greater focus on the implementation of appropriate financing strategies and the effective control of finance costs.

Income Tax

Income tax of the Group for 2013 amounted to approximately RMB8.1 million, representing an increase of RMB1.7 million over that of 2012. This was mainly due to the payment of income tax for the government grants obtained in 2013.

Gearing Ratio

The Group monitors its capital through gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated at the sum of bank loans, trade and bills payables and other payables and accruals (excluding deferred income, deposits from customers and provision of warranty) less cash and cash equivalent. Capital represents equity attributable to the owners of the Company (excluding share capital). As at 31 December 2013 and 2012, the gearing ratio of the Group was approximately 28% and 34% respectively.

Property, Plant and Equipment

The net carrying amount as at 31 December 2013 was RMB261.2 million, representing a decrease of RMB16.2 million from that of 2012. This was mainly due to: (i) depreciation of approximately RMB32.2 million with respect to the Group's property, plant and equipment in the current period; (ii) the Group's new MLCC production equipment and construction in process valued at approximately RMB12.6 million; and (iii) the reduction of production, office and other equipment valued at RMB0.4 million as a result of the craving out of the battery business from the Group on 27 December 2013.

Investment Properties

The Group's investment properties for 2013 amounted to RMB18.3 million, representing a decrease of RMB8.3 million from 2012. This was mainly due to the slight decrease in property for lease.

Other Intangible Assets

The other intangible assets of the Group for 2013 amounted to RMB1.2 million, representing an increase of RMB0.1 million from that of 2012. This was mainly due to the amortisation of intangible assets associated with the Group's SAP management software.

Trade and Bills Receivables

As at 31 December 2013, the net book values of trade and bills receivables were RMB227.1 million, representing an increase of RMB5.3 million from 2012. Excluding the effect of craving out the battery business from the Group, the Group's balance of trade and bills receivables in 2013 increased by approximate RMB47.6 million, mainly due to: (i) increase in bills receivables; and (ii) increase in revenue from MLCC business.

Prepayments, Deposits and Other Receivables

As at 31 December 2013, prepayments, deposits and other receivables of the Group amounted to RMB12.8 million, representing a decrease of RMB19.3 million from 2012, primarily due to: (i) the decrease in prepayments to suppliers and prepaid expenses; (ii) the decrease in indemnification asset receivable for the original shareholders of the battery business after the business was carved out from the Group on 27 December 2013; and (iii) the RMB8.6 million decrease in input VAT subject to deduction for the current period, including RMB4.0 million for the carved-out battery business.

Cash and Bank Balances and Pledged Bank Deposits

As at 31 December 2013, cash and bank balances and pledged bank deposits of the Group were RMB182.4 million, representing an increase of RMB93.7 million from that of 2012. This was mainly attributable to the increased pledged bank deposits arising from the issuance of letter of credits and bills receivables.

Trade and Bills Payables

As at 31 December 2013, the balance of the Group's trade and bills payables decreased by approximately RMB11.1 million from that as at the end of 2012. The decrease was mainly due to the fact that the battery business was carved out from the Group. Excluding the effect of this factor, the balance of the Group's trade and bills payables in 2013 increased by approximately RMB22.1 million compared to that as at the end of 2012, mainly arising from the bills payables of RMB16.5 million generated from the Group's internal transactions. The actual increase of RMB5.6 million in MLCC business was attributable to the extended credit term granted to the Group by some of its suppliers.

Deferred Income, Accruals and Other Payables

As at 31 December 2013, deferred income, accruals and other payables of the Group amounted to RMB36.2 million, representing a decrease of RMB9.6 million from that of 2012. This was mainly due to the fact that the battery business was carved out from the Group. Excluding the effect of this factor, the deferred income, accruals and other payables of the Group for 2013 decreased by approximately RMB1.5 million from that at the end of 2012, principally due to the decrease in equipment related payables and the reduction in salary expenses.

Bank Loans

As at 31 December 2013, the Group had outstanding bank loans of RMB170.3 million, representing an increase of RMB25.7 million from that of 2012, which was mainly used to replenish the liquidity of the Company.

Contingent Liabilities

As at December 31 2013, the Group had no material contingent liabilities.

Commitments

As at 31 December 2013, the capital commitments of the Group were RMB3.0 million, representing an increase of RMB2.9 million from that of 2012, which was mainly due to the fact that the equipment purchasing contracts newly entered into by the Group during the year were yet to be executed.

LIQUIDITY, FINANCIAL RESOURES AND CAPITAL STRUCTURE

Net Current Assets

As at 31 December 2013, the Group had net current assets of approximately RMB164.5 million, including current assets of RMB504.7 million and current liabilities of RMB340.2 million.

Banking Facilities

As at 31 December 2013, the Group had aggregate banking facilities of approximately RMB500.0 million, of which approximately RMB370.7 million had not been utilized.

Foreign Currency Risk

In 2013, the Group's sales were mainly denominated in RMB, US dollars and Hong Kong dollars, while its purchases were mainly denominated in RMB, US dollars, Hong Kong dollars and Japanese Yen. The trade receivables denominated in US dollars and Hong Kong dollars were greater than the trade payables denominated in US dollars and Hong Kong dollars. Meanwhile, the Group is exposed to risks in respect of trade payables denominated in Japanese Yen, but is basically not exposed to risks in respect of trade receivables denominated in Japanese Yen. In the event of vigorous fluctuation of the exchange rate, foreign currencies risk will exist to a certain extent.

Staff

For the year ended 31 December 2013, the Group had a total of 1,187 staff, whose remunerations and benefits are determined based on the market, state policies and individual performance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold, redeemed or cancelled any of the Company's listed securities during the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICE

The Company is committed to achieving high standard of corporate governance and has made every effort to comply with all relevant code provisions as stipulated in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year. The Board believes that a high standard of corporate governance is essential for safeguarding the values of the Company. The Board has reviewed the Company's corporate governance practice and forms an opinion that the Company has complied with the CG Code during the year ended 31 December 2013, save for the exception as stated and explained below.

The 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. 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 increase in the total number of independent non-executive directors from three to five adds to the independence of the Board, which provides the Board with more independent judgment and views from different perspectives to avoid possible conflict of interests. The Board therefore believes that the improved composition of the Board could strengthen the corporate governance structure and provide the Company with better check and balance. The Board will continue to review the effectiveness and adequacy of the Group's corporate governance structure and performance so as to assess whether any further changes are necessary in the future.

It is reported that the company secretary of the Company has completed more than 15 hours of training relevant to his duties as a company secretary of a listed company.

To address the issues associated with the internal control system of the Group, the Company established a special board committee (the "Special Committee") in May 2012, which comprised all independent non-executive directors, to look into the issues and recommend remedial procedures to the board of directors of the Company. The Special Committee appointed Shinewing Risk Services Limited ("Shinewing") as the internal control consultant to review the internal control system of the Group and submit a report of its findings and recommendations to the Special Committee. Shinewing completed the interim review and issued an initial report in August 2012 the Company began to implement a series of remedial measures to strengthen the internal control system.

To remediate the underlying problems associated with the internal control system of the Group and meet the requirements as stated in the code provision C.2.1 and C.2.2 of the CG Code so as to safeguard the Company's investment and assets, the Board appointed Pan China (HK) CPA Limited ("Pan China") as an additional independent internal control consultant of the Company to review and advise on the internal control procedures of the Company and some of its subsidiaries. Shinewing resigned as the internal control consultant of the Company with effect from 29 July 2013. Pan China was appointed to replace Shinewing to carry out the review of the Group's internal control procedures for the year ended 31 December 2012.

On 4 November 2013, Mr. Liang Rong and Mr. Mak Ka Wing, Patrick, newly appointed as independent non-executive directors of the Company at 7 May 2013 and 18 September 2013 respectively, were appointed as members of the Special Committee.

In November 2013, Pan China finished its review of the internal control systems of the Group for the period from January 2012 to June 2013 and a copy of the report in this respect (the "Report") has been submitted to the Special Committee and the board of directors for further review and discussion. The Special Committee discussed the findings as noted in the Report, the corresponding remedial measures and the progress of implementing those measures with the board of directors. The Special Committee noted that a follow up review should be conducted when the remedial measures were substantially implemented.

AUDIT COMMITTEE

The Audit Committee comprises five independent non-executive Directors, namely, Mr. Chu Kin Wang, Peleus (Chairman of the Audit Committee), Mr. Pan Wei, Mr. Liu Huanbin, Mr. Liang Rong and Mr. Mak Ka Wing, Patrick. The main duties of the Committee are to review the financial statements and financial and accounting policies of the Company and oversee the Company's financial reporting system and internal control procedures.

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 2013 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 2013.

FINAL DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2013 (2012: nil).

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.

SUSPENSION OF TRADING OF THE SHARES OF THE COMPANY

Trading of the shares of the Company has been suspended with effect from 9:00 a.m. on Tuesday, 2 April 2013 and will remain suspended pending further clarification of the findings of the Special Committee regarding allegations of false accounting with the Stock Exchange. Further announcement will be made by the Company as and when appropriate.

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

Hong Kong, 16 July 2014

As at the date of this announcement, the Board comprises Mr. Chen Weirong, Mr. Jing Wenping and Mr. Wang Ye as Executive Directors, Mr. Cheng Wusheng, Mr. Zhang Zhilin and Mr. Chen Hao as Non-executive Directors and Mr. Pan Wei, Mr. Liu Huanbin, Mr. Chu Kin Wang, Peleus, Mr. Liang Rong and Mr. Mak Ka Wing, Patrick as Independent Non-executive Directors.