



**EYANG HOLDINGS (GROUP) CO., LIMITED**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 117)**

**ANNOUNCEMENT**

**CHANGE OF USE OF PROCEEDS**

The Board would like to announce that the Company will change the use of certain remaining proceeds derived from the Share Offer as stated in the Prospectus in order to better utilize the Group's resources.

Reference is made to the prospectus dated 11 December 2007 (the "**Prospectus**") of EYANG Holdings (Group) Co., Limited with respect to the Share Offer of the Company and the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited.

As set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus, it was intended to apply, among others, approximately HK\$6 million to acquire third party solutions designated for the applications of 3G mobile phones, approximately HK\$9 million to acquire mobile phones production facilities to expand the Company's mobile phones production capacity and approximately HK\$9 million to further strengthen the marketing, sales and distribution of mobile phones with "EY" brand.

As stated in the interim report of the Company for the six months ended 30 June 2008, as a result of the excessive and disorderly competition in the China's mobile phone market, the mobile phone business incurred a loss during the same period. It was also expected that the said deteriorating operating environment may not be improved in the near future. As mentioned in the Prospectus, the proceeds planned to be used in the Company's mobile phone business were largely to be used in development of the 3G related products and production, subject to the granting of 3G license by the PRC government to the mobile communication operators to officially operate the 3G services in the PRC. Given the fact that there are no 3G licenses being granted as at the date hereof and the economic downturn induced by the recent global financial crisis may dampen the need of 3G services that may slow down the development of 3G mobile phone industry in the PRC, the Board resolved to apply the relevant remaining proceeds set out below to the development of its growing MLCC business. The details of change of use of the relevant remaining proceeds are set out as follows:

	<b>As stated in the prospectus (HK\$ million)</b>	<b>Remaining balance as at the date hereof (HK\$ million)</b>	<b>Revised use of the remaining balance (HK\$ million)</b>
Acquisition of MLCC production facilities to expand the production capacity of MLCC products	59.0	9.0	26.3
Acquisition of third party solutions designated for the application 3G mobile phones	6.0	6.0	-
Acquisition of mobile phones production facilities	9.0	9.0	-
Marketing, sales and distribution of mobile phones with "EY" brand	9.0	2.3	-
		<u>26.3</u>	<u>26.3</u>

The Board believes that the above re-allocation of the remaining proceeds could facilitate the development of the Group's growing MLCC business and further strengthen its position in the market. The Board also believes that such change of the use of the remaining proceeds would not have material impact on the Group's financial position and would be in the interest of the Company and its Shareholders as a whole.

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

Hong Kong, 12 November 2008

*As at the date of this announcement, the Board comprised Mr. Chen Weirong, Ms. Shuang Mei and Mr. Liao Jie as executive Directors, Mr. Cheng Wusheng, Mr. Li Heqiu, Mr. Zhang Zhilin and Mr. Chen Hao as non-executive Directors and Mr. Pan Wei, Mr. Liu Huanbin and Mr. Chu Kin Wang, Peleus as independent non-executive Directors.*