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**CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED**

中國電子集團控股有限公司\*

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 00085)**

**ANNOUNCEMENT**

**COMPLETION OF DISPOSAL OF  
SANG FEI (BVI) COMPANY LIMITED  
AND  
POSITIVE PROFIT ALERT**

The Board is pleased to announce that the Disposal was completed on 29 December 2009. Upon completion of the Disposal, the Company has ceased to hold any interest in Sang Fei (BVI) and its subsidiaries, and Sang Fei (BVI) and its subsidiaries have ceased to be subsidiaries of the Company.

Pursuant to Rule 13.09(1) of the Listing Rules, the Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a profit for the year ending 31 December 2009 as compared to a loss for the year ended 31 December 2008.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

Reference is made to the announcement dated 9 November 2009 of the Company in relation to the disposal of the entire issued share capital of Sang Fei (BVI) (the “**Announcement**”). Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

**COMPLETION OF THE DISPOSAL**

The Board is pleased to announce that the Disposal was completed on 29 December 2009. Upon completion of the Disposal, the Company has ceased to hold any interest in Sang Fei (BVI) and its subsidiaries, and Sang Fei (BVI) and its subsidiaries have ceased to be subsidiaries of the Company.

Following completion of the Disposal, Huada Electronics, a wholly-owned subsidiary of the Company, has become the principal operating subsidiary of the Company and the principal activities of the Group are now the design, research and development and sales of integrated circuits.

**POSITIVE PROFIT ALERT**

Pursuant to Rule 13.09(1) of the Listing Rules, the Board wishes to inform the shareholders of the Company and potential investors that the Group is expected to record a profit for the year ending 31 December 2009 as compared to a loss for the year ended 31 December 2008. Based on the information currently available, the Board considers that such improvement is mainly attributable to the following factors:

1. Financial statements of Huada Electronics will be included in the consolidated financial statements of the Company for the year ending 31 December 2009, and for any comparative periods disclosed as if the Huada Acquisition had occurred at the previous balance sheet dates presented under the principles of merger accounting as prescribed in Hong Kong Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants. For the six months ended 30 June 2009, Huada Electronics recorded profit before and after taxation of HK\$52,252,000 and HK\$44,207,000, respectively;
2. The Company expects that the Group will realise a gain on the disposal of Sang Fei (BVI); and
3. Absence of substantial loss on exchange in the year ending 31 December 2009. The Group incurred substantial loss on exchange in the year ended 31 December 2008 as a result of the devaluation of Euro, Russian Ruble and New Turkish Lira in the second half of 2008.

For details of the financial information of the Group and Huada Electronics for the years ended 31 December 2006, 2007 and 2008 and the six months ended 30 June 2009 and the estimated gain on the disposal of Sang Fei (BVI), please refer to the Announcement and the circular dated 27 November 2009 of the Company.

The Company is still in the process of finalising the results of the Group for the year ending 31 December 2009. This positive profit alert is only based on the preliminary assessment by the management of the Company on the unaudited management accounts of the Group, which have not been reviewed or audited by the Company’s auditors. The results of the Group for the year ending 31 December 2009 could only be ascertained when all the relevant results and treatments are finalised. Further details of the financial information of the Group will be disclosed as and when the results of the Group for the year ending 31 December 2009 are announced.

**Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**China Electronics Corporation Holdings Company Limited**  
**Fan Qingwu**  
*Managing Director*

Hong Kong, 29 December 2009

*As at the date of this announcement, the Board comprises two Non-executive Directors, namely Xiong Qunli (Chairman) and Tong Baoan (Vice Chairman), two Executive Directors, namely Fan Qingwu (Managing Director) and Hua Longxing, and three Independent Non-executive Directors, namely Chan Kay Cheung, Wong Po Yan and Yin Yongli.*

\* *For identification purpose only*