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CHINA PHOTAR ELECTRONICS GROUP LIMITED

中國豐達電子集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8220

ANNOUNCEMENT HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the concentration of shareholding of the Company in the hands of a limited numbers of investors as at 14 June 2007.

The Company has been informed by the Stock Exchange on 5 July 2007 that based on the information provided by the SFC, as at the close of business of 14 June 2007, MCH, a company wholly and beneficially owned by Mr. Chen Jijin, together with 19 investors held in aggregate 588,220,000 Shares in the Company, representing approximately 92.28% of the issued share capital of the Company, leaving only 49,212,000 Shares of the Company representing approximately 7.72% of the issued share capital of the Company in the hands of other investors.

In view of the concentration of shareholding in a limited number of investors, holders of securities of the Company and potential investors should be aware that the price of the Shares could fluctuate substantially even with a small number of the Shares being traded. Holders of the securities of the Company and potential investors are advised to exercise caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to provide information to the public in respect of concentration of the shareholding of China Photar Electronics Group Limited (the “**Company**”) in the hands of a limited number of investors as at 14 June 2007.

The Company has been informed by the Stock Exchange on 5 July 2007 that based on the information provided by the Securities and Futures Commission (“**SFC**”), as at the close of business of 14 June 2007, Modern China Holdings Limited (“**MCH**”), a company wholly and beneficially owned by Mr. Chen Jijin, (the Chairman and controlling shareholder of the Company), together with 19 investors held in aggregate 588,220,000 shares (the “**Shares**”) in the Company, representing approximately 92.28% of the issued share capital of the Company, leaving only 49,212,000 Shares of the Company representing approximately 7.72% of the issued share capital of the Company in the hands of other investors.

The SFC noted that, during the period from 4 May 2007 to 16 May 2007, the closing price of the Shares surged by 47.10% from HK\$0.17 to HK\$0.25 with an average daily turnover of 847,111 shares (or HK\$183,432).

Trading of the Shares was suspended from 17 May 2007 to 28 May 2007. On 29 May 2007, trading resumed upon the release of an announcement in relation to a possible share subscription which might lead to a change in control of the Company (the “**Announcement I**”). The SFC also noted that, following the release of Announcement I, the closing price of the Shares increased by 44% from HK\$0.25 to HK\$0.36 but dropped 18% to HK\$0.295 on 1 June 2007 with an average daily turnover for the period from 29 May 2007 to 1 June 2007 of 2.28 million Shares (or HK\$802,900).

On 14 June 2007, following 8 days of trading suspension between 4 June 2007 and 13 June 2007, the Company announced, among others, a subscription of a total of 1.8 billion new Shares by Emcom Limited (“**Emcom**”) and a party acting in concert with it at HK\$0.017 per Share (“**Announcement II**”), representing 94.24% discount from the last closing price of HK\$0.295 on 1 June 2007 (the “**Share Subscription**”). Upon completion of the Share Subscription, Emcom and the party acting in concert with it will own 73.85% of the enlarged issued share capital of the Company and Mr. Chen Jijin’s shareholding interest will be diluted from 54.39% to 14.22%. The Share Subscription is conditional upon, inter alia, shareholders’ approval at an extraordinary general meeting of the Company. Emcom will make a general offer at the subscription price to the public shareholders of the Company upon completion of the Share Subscription.

The SFC further noted that, having released the Announcement II on 14 June 2007, the share price of the Company reached HK\$1 before closing at HK\$0.67 for the day. It surged by 127.12% from the pre-suspension closing price of HK\$0.295 with a heavy market turnover of 32.80 million Shares (or HK\$23.70 million). On the following days, the share price eased to close at HK\$0.345 on 29 June 2007 with an average daily turnover of 4 million Shares (or HK\$1.79 million).

The board of directors (the “**Directors**”) wishes to clarify that as the above information is provided by SFC, the Company is not in a position to verify or comment on the accuracy of such information except the information relating to the shareholding of MCH in the Company.

So far as the Directors are aware and after making all reasonable enquiries and based on the existing information available to the Directors, the Directors confirm that the Company has no knowledge of the identities of those 19 investors and their respective shareholdings in the Company. The Company has no knowledge whether those 19 investors were as at 14 June 2007 or as at the date of this announcement (a) connected persons of the Company or (b) related to/connected with each other and/or any of the connected persons of the Company.

So far as the Directors are aware and after making all reasonable enquiries, the Directors confirm that Mr. Chen Jijin has no knowledge of the identities of those 19 investors and whether or not the 19 investors are related to/connected with any of the connected persons of the Company.

To the best knowledge of the Directors and after making all reasonable enquiries and based on the existing information available to the Directors, the Directors confirm that the Company has maintained the public float of 45.61% as at 14 June 2007 and as at the date of this announcement. Accordingly, the Company is in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

So far as the Directors are aware and after making all reasonable enquiries, below is the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Share Subscription as disclosed in the Company's circular dated 5 July 2007:

Shareholders	Shareholding structure as at the date hereof		Shareholding structure after the completion of the Share Subscription		Shareholding structure upon completion of the Subscription and after restoration of public float (Note 2)	
	Shares	%	Shares	%	Shares	%
Emcom, Smart Step Holdings Limited and parties acting in concert with them	–	–	1,800,000,000	73.85	1,481,374,000	60.78
Emcom and its nominees	–	–	1,620,000,000	66.46	1,333,236,600	54.70
Smart Step Holdings Limited and its nominees	–	–	180,000,000	7.39	148,137,400	6.08
MCH (Note 1)	346,700,000	54.39	346,700,000	14.22	346,700,000	14.22
Public shareholders	<u>290,732,000</u>	<u>45.61</u>	<u>290,732,000</u>	<u>11.93</u>	<u>609,358,000</u>	<u>25.00</u>
Total	<u><u>637,432,000</u></u>	<u><u>100.00</u></u>	<u><u>2,437,432,000</u></u>	<u><u>100.00</u></u>	<u><u>2,437,432,000</u></u>	<u><u>100.00</u></u>

Notes:

1. MCH is wholly and beneficially owned by Mr. Chen Jijin, a Director and the Chairman of the Company and the creditor in respect of the shareholder's loan of the Company.
2. Assuming that each of Emcom and Smart Step Holdings Limited will place down its shareholding in the Company by 90% and 10%, respectively, of the excess shares in order to restore the minimum public float requirement.

In view of the high concentration of shareholding in a limited number of investors, holders of securities of the Company and potential investors should be aware that the prices of the Shares could fluctuate substantially even with a small number of the Shares being traded. Holders of the securities of the Company and potential investors are advised to exercise caution when dealing in the Shares.

By Order of the Board
CHINA PHOTAR ELECTRONICS GROUP LIMITED
Chen Jijin
Chairman

Hong Kong, 12 July 2007

As at the date of this announcement, the Company's executive directors are Mr. Chen Jijin, Ms. Huang Menghuai and Mr. Zhong Min and the Company's independent non-executive directors are Mr. Chen Weirong, Mr. Lam Hon Kuen and Mr. Law Chi Yuen.

This announcement, for which the Directors collectively and individually accept responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:– (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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