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CHINA ELECTRONICS CORPORATION HOLDINGS COMPANY LIMITED

中國電子集團控股有限公司*

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

(Stock Code: 85)

Announcement

High Concentration of Shareholding

This announcement is made at the request of the Stock Exchange. The Board has recently been informed by the Stock Exchange on the basis of information provided by the SFC, that there was a concentration of Shares in the hands of a relative small number of shareholders as at 23 July 2007.

In view of the high concentration of shareholding in a small number of shareholders, shareholders and potential investors should be aware that the price of the Shares could fluctuate substantially even with a small number of the Shares traded. Shareholders 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") in respect of the concentration of shares (the "Shares") of China Electronics Corporation Holdings Company Limited (the "Company") in the hands of a relative small number of shareholders as at 23 July 2007.

The board (the "Board") of directors (the "Directors") of the Company has recently been informed by the Stock Exchange that on the basis of information provided by the Securities and Futures Commission (the "SFC"), as at 23 July 2007, besides the shareholdings of the two substantial shareholders of the Company, namely China Electronics Corporation (BVI) Holdings Company Limited and Devon Fortune Limited, which held 74.98% and 7.40% of issued Shares respectively, a group of 9 shareholders held an aggregate 93,679,000 Shares, representing 8.65% of the issued share capital of the Company. Their shareholdings together with those held by the two substantial shareholders, amounted to 91.03% of the issued share capital of the Company. This implies that only 8.97% of the issued Shares were in the hands of other small investors.

According to the notifications received by the Company in respect of disclosure of interests under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), China Electronics Corporation (BVI) Holdings Company Limited is interested in 74.98% of the issued share capital of the Company. Save as disclosed herein and according to the information available to the Company, no Directors or any of their respectively associates (as defined in the Rules Governing the

Listing of Securities on the Stock Exchange (the "Listing Rules") is interested in the issued share capital of the Company and no other shareholder is entitled to exercise 10% or more of the voting rights at the general meetings of the Company. The Directors believe that to the best of their knowledge and belief on the information available to them, the remaining 25.02% of the total issued share capital of the Company are in public hands and hence, the Company is able to comply with the public float requirement under the Listing Rules.

According to information provided by the SFC, during the period from April 2007 to early June 2007, the price of the Shares hovered between HK\$1.15 and HK\$1.50, with a thin average daily turnover of 330,000 Shares. Since 12 June 2007, the price of the Shares started to rise and closed 92% higher from HK\$1.36 on 11 June 2007 to HK\$2.61 on 13 July 2007, on an increased average daily turnover of 3.2 million Shares. Between 13 July 2007 and 23 July 2007, the price of the Shares substantially rose 51.3% from HK\$2.61 to HK\$3.95, whilst average daily turnover amounted to 7.8 million Shares in the absence of any price sensitive news or company announcement. As at 28 August 2007, the price of the Shares closed at HK\$3.56.

The Directors confirm that, in their opinion, they are not aware of any other matter discloseable under Rules 13.09 or 13.23 of the Listing Rules save for the disclosures made by the Company in 2007 and that all the necessary and appropriate disclosures regarding the movements of the prices and trading volume of the Shares in 2007 have been made known to the public by the Company in compliance with the Listing Rules.

The Company makes this announcement to keep the market informed at the request of the Stock Exchange. In view of the high concentration of shareholding in a small number of shareholders, shareholders and potential investors should be aware that the price of the Shares could fluctuate substantially even with a small number of the Shares traded. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

On behalf of the Board

China Electronics Corporation Holdings Company Limited

Chen Zhaoxiong

Chairman

Hong Kong, 28 August 2007

As at the date of this announcement, the Company has two non-executive directors, namely Messrs. Chen Zhaoxiong (Chairman) and Tong Baoan (Vice-Chairman), two executive directors, namely Messrs. Fan Qingwu (Managing Director) and Hua Longxing, and three independent non-executive directors, namely Messrs. Chan Kay Cheung, Wong Po Yan and Yin Yongli.

** For identification purpose only*