



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: 0085)

ANNOUNCEMENT

This announcement is made in accordance with Rule 13.09(1) of the Listing Rules.

The Board announces that Sang Fei has on 8 August 2007 entered into the Trademark Licence Agreement with Koninklijke Philips, pursuant to which Koninklijke Philips agreed to grant Sang Fei an exclusive right to use certain of its trademarks (including the “*Philips*” brand name and logo) on the mobile handsets manufactured by Sang Fei or its authorised manufacturers.

On the same date, Sang Fei has also entered into the Intellectual Property Agreement with Koninklijke Philips regarding the assignment and licensing of certain patents, software and know-how relating to the marketing, sales and development of *Philips* mobile handsets on a non-exclusive basis.

The transactions contemplated under the Trademark Licence Agreement and the Intellectual Property Agreement do not constitute discloseable transactions nor connected transactions of the Company under the Listing Rules.

This announcement is made in accordance with Rule 13.09(1) of the Listing Rules.

The Board announces that Sang Fei, the principal operating subsidiary of the Company, has on 8 August 2007 entered into the Trademark Licence Agreement and the Intellectual Property Agreement with Koninklijke Philips.

TRADEMARK LICENCE AGREEMENT

Pursuant to the Trademark Licence Agreement, Koninklijke Philips agreed to grant Sang Fei an exclusive right to use certain of its trademarks (including the “*Philips*” brand name and logo) on the mobile handsets manufactured by Sang Fei or its authorised manufacturers. The Trademark Licence Agreement shall be for a term commencing from the date of agreement and expiring on 31 March 2012 and shall thereafter be automatically renewed for periods of one year unless terminated by either party in writing six months prior to the expiry date.

The royalty payable by Sang Fei shall be calculated according to a regressive scale so that the average royalty payable for each unit of mobile handset will decrease as the sales volume of mobile handsets which bear the “*Philips*” brand name and logo increases. The minimum royalty payable by Sang Fei for the period commencing from the effective date of the Trademark Licence Agreement to 31 March 2008 and the year ending 31 March 2009 shall be 3,000,000 Euros and 7,000,000 Euros, respectively. There is no minimum royalty payable for the remaining term of the Trademark Licence Agreement. Based on the current production plan of Sang Fei, the Company expects that the royalty payable by Sang Fei for the period commencing from the effective date of

the Trademark Licence Agreement to 31 March 2008 and the year ending 31 March 2009 shall exceed the respective minimum royalty amounts set out above.

INTELLECTUAL PROPERTY AGREEMENT

Pursuant to the Intellectual Property Agreement, Koninklijke Philips agreed to assign and license to Sang Fei certain patents, software and know-how relating to the marketing, sales and development of *Philips* mobile handsets on a non-exclusive basis. For the patents, software and know-how relating to the marketing, sales and development of *Philips* mobile handsets which are not owned by Koninklijke Philips, Koninklijke Philips agreed to procure the assignment and licensing of such patents, software and know-how to Sang Fei on a non-exclusive basis. In return, Sang Fei shall pay to Koninklijke Philips a nominal consideration of one Euro.

REASONS FOR ENTERING INTO THE TRADEMARK LICENCE AGREEMENT AND THE INTELLECTUAL PROPERTY AGREEMENT

On 12 February 2007, CEC, the ultimate controlling shareholder of the Company, announced that it had entered into an acquisition agreement with Royal Philips Electronics, pursuant to which CEC agreed to acquire the mobile handsets business of the Philips Group. As part of the Acquisition, CEC acquired the 25% equity interest in Sang Fei then held by members of the Philips Group in the end of March 2007 and since then, the Philips Group ceased to be a connected person of the Company and the transactions between members of the Group and members of the Philips Group are no longer connected transactions of the Company.

Sang Fei is the principal operating subsidiary of the Company. Sang Fei is primarily engaged in the manufacturing and sales of mobile handsets and other portable electronics products in the PRC and was the exclusive manufacturer of *Philips* mobile handsets for the Philips Group. After completion of the Acquisition, Sang Fei will continue to manufacture *Philips* mobile handsets. In order for Sang Fei to manufacture mobile handsets bearing the “*Philips*” brand name and logo, Sang Fei has on 8 August 2007 entered into the Trademark Licence Agreement and the Intellectual Property Agreement with Koninklijke Philips.

The transactions contemplated under the Trademark Licence Agreement and the Intellectual Property Agreement do not constitute discloseable transactions nor connected transactions of the Company under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“ Acquisition ”	the acquisition by CEC of the mobile handsets business of the Philips Group
“ Board ”	the board of directors of the Company
“ CEC ”	中國電子信息產業集團公司 (China Electronics Corporation), a state-owned enterprise established under the laws of the PRC and the ultimate controlling shareholder of the Company, and its affiliated companies (excluding the Company and its subsidiaries)

“Company”	China Electronics Corporation Holdings Company Limited
“Euros”	the currency of thirteen European Union countries, namely Belgium, Germany, Greece, Spain, France, Ireland, Italy, Luxembourg, the Netherlands, Austria, Portugal, Slovenia and Finland
“Group”	the Company and its subsidiaries
“Intellectual Property Agreement”	the intellectual property agreement dated 8 August 2007 and entered into between Sang Fei and Koninklijke Philips
“Koninklijke Philips”	Koninklijke Philips Electronics N.V.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Philips Group”	Koninklijke Philips and its affiliated companies and subsidiaries
“PRC”	the People’s Republic of China
“Sang Fei”	深圳桑菲消費通信有限公司 (Shenzhen Sang Fei Consumer Communications Company Limited)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trademark Licence Agreement”	the trademark licence agreement dated 8 August 2007 and entered into between Sang Fei and Koninklijke Philips

By Order of the Board
China Electronics Corporation Holdings Company Limited
Chen Zhaoxiong
Chairman

Hong Kong, 9 August 2007

** For identification purpose only*

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