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CHINA HAIDIAN HOLDINGS LIMITED

中國海澱集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 256)

DISCLOSEABLE TRANSACTION

DISPOSAL OF LISTED SECURITIES

The Board announces that, subsequent to the First Disposal, Starlex, a wholly-owned subsidiary of the Company, further disposed of 30,000,000 Citychamp Shares through the Shanghai Stock Exchange block trading system on 21 November 2013.

The Second Disposal constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, as the relevant percentage ratios (as defined in the Listing Rules) exceed 5% but is less than 25%.

INTRODUCTION

The Board announces that, subsequent to the First Disposal, Starlex, a wholly-owned subsidiary of the Company, further disposed of 30,000,000 Citychamp Shares through the Shanghai Stock Exchange block trading system on 21 November 2013.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the purchasers of the Citychamp Shares and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

ASSETS DISPOSED

The Company disposed of 30,000,000 Citychamp Shares, representing approximately 2.5% of the total issued capital of Citychamp (being 1,188,633,059 shares as at 21 November 2013 according to publicly available information) in the Second Disposal. Combining the First Disposal and the Second Disposal altogether, the Company disposed of 88,600,000 Citychamp Shares, representing approximately 7.5% of the issued share capital of Citychamp.

CONSIDERATION

The aggregate gross sale proceeds of the Second Disposal is approximately RMB195 million (equivalent to approximately HK\$248 million (excluding withholding taxes and transaction costs)), which is receivable in cash on the settlement date. The disposal price is RMB6.5 per Citychamp Shares.

The Directors (including the independent non-executive Directors) consider that the consideration is fair and reasonable.

INFORMATION OF THE CITYCHAMP GROUP

Overview

The Citychamp Shares are listed on the Shanghai Stock Exchange. The Citychamp Group is principally engaged in property development and investment, and manufacture and sale of enamelled copper wires in the PRC. The property development projects of the Citychamp Group are mainly located in Beijing, Nanjing, Suzhou, Fuzhou and Guilin. The enamelled copper wire production plants of the Citychamp Group are located in Fujian and Jiangsu provinces, the PRC. The enamelled copper wires produced by the Citychamp Group are mainly used in colour display, colour picture tube, television conversion machinery, air-conditioning compressors, electrical machinery and equipment, automobiles, electrical tools and transformers.

Financial information

The Citychamp Shares held by Starlex are recorded as available-for-sale financial assets in the Group's accounts. The carrying value of the Citychamp Shares held by Starlex amounted to approximately HK\$807.6 million and approximately HK\$1,409.1 million as at 31 December 2011 and 31 December 2012 respectively. The Group received dividend income of approximately HK\$6.6 million and approximately HK\$17.2 million from Citychamp for each of the two years ended 31 December 2012 respectively. The Group also received 65,245,897 Citychamp Shares during the year ended 31 December 2012 pursuant to a bonus issue of Citychamp.

The following table sets out the consolidated financial information of the Citychamp Group as extracted from Citychamp's annual reports for 31 December 2011, the year ended 31 December 2012 and quarterly report for the nine months ended 30 September 2013.

	For the year ended		For the nine
	31 December		months ended
	2011	2012	30 September
	<i>Audited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	9,320,059	6,256,272	5,907,279
Net profit before taxation	1,146,110	1,143,878	1,588,092
Net profit after taxation attributable to the owners of Citychamp	795,815	830,837	1,301,567

As at 31 December 2012, the audited net asset value attributable to the owners of Citychamp was approximately RMB3,578.2 million. As at 30 September 2013, the unaudited net asset value attributable to the owners of Citychamp was approximately RMB4,704.6 million.

FINANCIAL EFFECT OF THE SHARE DISPOSAL

Before the Second Disposal, Starlex owned 115,389,058 Citychamp Shares, representing approximately 9.7% of the issued share capital of Citychamp. Upon completion of Second Disposal, Starlex's interest in Citychamp will be approximately 7.2%. The remaining Citychamp Shares to be held by Starlex will continue to be recorded as available-for-sale financial assets in the Group's accounts.

For illustration purposes only, based on (i) the attributable proportion of the Citychamp Sale Shares to the total carrying value of the Group's investment in Citychamp of approximately HK\$1,152 million and total corresponding investment revaluation reserve of approximately HK\$699 million as at 30 June 2013; (ii) the Consideration approximately RMB195 million (equivalent to approximately HK\$248 million); and (iii) the total related withholding tax and transaction costs approximately HK\$15 million, the gain from the Second Disposal would be approximately HK\$114 million. The actual gain on the Second Disposal will be calculated on the settlement date.

REASONS FOR AND BENEFITS OF THE SHARE DISPOSAL

The Group is principally engaged in the manufacture and distribution of watches and timepieces, property investment, and the distribution of yachts.

The Second Disposal provides a good opportunity for the Group to partially realise its interest in Citychamp, a non-core asset, at a gain and to strengthen its financial position. The estimated net proceeds from the Second Disposal is approximately HK\$233 million. It is intended that the net proceeds from the Second Disposal will be used for general working capital for the Group.

In light of the foregoing, the Directors (including the independent non-executive Directors) consider that the Second Disposal is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Second Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, as the relevant percentage ratios (as defined in the Listing Rules) exceeds 5% but is less than 25%.

DEFINITIONS

In this announcement, capitalised terms used herein shall have the following meanings:

“Board”	the Board of the Directors
“Citychamp”	冠城大通股份有限公司 (Citychamp Dartong Company Limited), a company established in the PRC and the shares of which are listed on the Shanghai Stock Exchange in the PRC
“Citychamp Shares”	the ordinary share(s) of RMB1.00 (equivalent to approximately HK\$1.25) each in the issued share capital of Citychamp
“Company”	China Haidian Holdings Limited, a company incorporated in the Cayman islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“First Disposal”	the disposal by Starlex, a wholly-owned subsidiary of the Company, of a total of 58,600,000 Citychamp Shares on the open market on 13 June 2013 for an aggregate gross sale proceeds of RMB442 million (equivalent to approximately HK\$558 million) as announced on 17 June 2013
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the rules Governing the Listing of Securities on the Stock Exchange

“Second Disposal”	the disposal by Starlex, a wholly-owned subsidiary of the Company, of a total 30,000,000 Citychamp Shares on the open market on 21 November 2013 for an aggregate gross sale proceeds of approximately RMB195 million (equivalent to approximately HK\$248 million)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Starlex”	Starlex Limited, a company established in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
China Haidian Holdings Limited
Hon Kwok Lung
Chairman

Hong Kong, 21 November 2013

As at the date of this announcement, the Board comprises Mr. Hon Kwok Lung, Mr. Shang Jianguang, Mr. Shi Tao, Mr. Lam Toi Man, Mr. Bi Bo and Ms. Sit Lai Hei as the executive Directors; and Mr. Fung Tze Wa, Dr. Kwong Chun Wai, Michael and Mr. Li Qiang as the independent non-executive Directors.