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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)

DESPATCH OF CIRCULAR AND DISCLOSURE PURSUANT TO RULE 13.09(1) OF THE LISTING RULES

Financial Adviser to China Haidian Holdings Limited



Quam Capital Limited

DESPATCH OF CIRCULAR

The Circular containing, among other things, further details of the Acquisition and the Whitewash Waiver will be despatched to the Shareholders on 12 September 2008.

DISCLOSURE PURSUANT TO RULE 13.09(1) OF THE LISTING RULES

This announcement is also made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that there have been material changes to the financial position of the Group since 31 December 2007, being the date to which the latest published audited consolidated financial statements of the Group were made up.

Reference is made to the announcement of the Company dated 25 August 2008 (the “Announcement”). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

DESPATCH OF CIRCULAR

The circular (the “Circular”) containing, among other things, (i) further details of the Acquisition and the Whitewash Waiver; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from Optima Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Acquisition and the Whitewash Waiver; and (iv) the notice of the EGM will be despatched to the Shareholders on 12 September 2008.

Independent Shareholders are advised to read carefully the contents of the Circular, in particular, the recommendation of the Independent Board Committee and the letter of advice from Optima Capital Limited before considering the resolutions to be proposed at the EGM to approve the Agreement, the issue of the Consideration Shares and the Whitewash Waiver.

DISCLOSURE PURSUANT TO RULE 13.09(1) OF THE LISTING RULES

This announcement is also made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that there have been material changes to the financial position of the Group since 31 December 2007, the date to which the latest published audited consolidated financial statements of the Group were made up. Such material changes include:

- (a) a decrease in the Group's available-for-sale financial assets which comprised shares of a company listed on the Shanghai Stock Exchange as a result of the substantial decrease in the market price of the shares subsequent to 31 December 2007. The available-for-sale financial assets of the Group amounted to approximately HK\$853.4 million as at 31 December 2007. Such decline in value of the assets will be recognised in equity, leading to a material decrease in the net asset value of the Group; and
- (b) increases in the Group's trade and bill receivables, trade payables and bank borrowings, and a decrease in the Group's cash and cash equivalents, which are attributable to the material increase in revenue of the Group subsequent to 31 December 2007.

The interim results of the Group for the six months ended 30 June 2008 have not yet been finalised. Therefore, the above information is only an estimate made by the management of the Company. The interim results of the Group are expected to be released by the end of September 2008.

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

Hong Kong, 12 September 2008

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.