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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)

CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated 15 December 2011 in relation to the Acquisition (the “**Announcement**”). Terms used herein shall have the same meanings as those defined in the Announcement, unless the context requires otherwise.

The Company would like to clarify the following information in relation to the Acquisition:

1. The 56,000,000 Consideration Shares will be issued under the general mandate (the “**General Mandate**”) granted to the Directors by the Shareholders at the general meeting of the Company held on 27 May 2011 which may be utilised up to 828,825,858 Shares. Up to the date of the Announcement, the Company has issued or agreed to issue 220,000,000 Shares under the General Mandate. Upon issue of the 56,000,000 Consideration Shares, the Company will have 552,825,858 Shares available for allotment and issue under the General Mandate.
2. Pursuant to the Acquisition Agreement, the Vendor and the Guarantor have guaranteed that the consolidated profit after tax of the Target Group for the four years ending 31 December 2014 shall be no less than HK\$30,600,000, HK\$35,000,000, HK\$38,000,000 and HK\$43,000,000 respectively. The Company would like to clarify that in the event the profit guarantee is not met, the Vendor and the Guarantor will compensate Fair Future the shortfall on a dollar-to-dollar basis. Further, if the Target Group records loss after tax for any of the four years ending 31 December 2014, the compensation shall be calculated as the amount of loss after tax plus the amount of profit guarantee for the respective financial year. The compensation is not subject to any cap amount.

3. The Vendor and the Guarantor have jointly and severally undertaken that the audited consolidated net assets of the Target Group as at 31 December 2011 (excluding the profit for the year ending 31 December 2011, the carrying value of the Properties and the carrying value of the Securities as at 31 December 2011) will not be less than HK\$30,000,000. In the event that the guaranteed adjusted net assets value is not met, the Vendor shall compensate Fair Future the shortfall on a dollar-to-dollar basis. Further, if the Target Group records adjusted audited net liabilities as at 31 December 2011 as stated in the 2011 Audited Accounts, the compensation shall be calculated as the amount of the adjusted net liabilities plus HK\$30,000,000. The compensation is not subject to any cap amount.

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

Hong Kong, 16 December 2011

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