

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Haidian Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.



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)

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

Financial Adviser to China Haidian Holdings Limited



Quam Capital Limited

A notice convening the EGM to be held at Harbour View Room I, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Friday, 21 September 2007 at 11:00 a.m. is set out on pages 4 to 5 of this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

5 September 2007

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DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	China Haidian Holdings Limited 中國海澱集團有限公司, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve the increase in authorised share capital of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	3 September 2007, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Hon Kwok Lung (*Chairman*)
Mr. Wang Shaolan (*Vice Chairman*)
Mr. Shang Jianguang (*Chief Executive Officer*)
Mr. Shi Tao
Mr. Lam Toi Man

Registered office:

P.O. Box 309
Ugland House
South Church Street
Grand Cayman
Cayman Islands

Non-executive Director:

Ms. Sit Lai Hei

Principal place of business:

Suites 2701–2705 & 2715–2716
27th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

Independent Non-executive Directors:

Mr. Fung Tze Wa
Dr. Kwong Chun Wai, Michael
Mr. Li Qiang

5 September 2007

To the Shareholders

Dear Sir or Madam,

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The authorised share capital of the Company consists of 2,000,000,000 Shares, of which 1,792,030,669 Shares were in issue as at the Latest Practicable Date. The Board proposes to increase the authorised share capital of the Company from HK\$200,000,000 to HK\$400,000,000 by the creation of an additional 2,000,000,000 Shares.

The Directors consider that the proposed increase in the authorised share capital of the Company is in the interests of the Company and the Shareholders as a whole as this will facilitate the issue and allotment of new Shares in the future. The Company currently has no intention to issue any part of the proposed authorised but unissued share capital.

LETTER FROM THE BOARD

EGM

The increase in the authorised share capital of the Company is subject to the approval of the Shareholders. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the increase in the authorised share capital of the Company. No Shareholder is required to abstain from voting at the EGM.

Set out on pages 4 to 5 of this circular is a notice of the EGM to be held at Harbour View Room I, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Friday, 21 September 2007 at 11:00 a.m. Whether or not you intend to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

PROCEDURES FOR DEMANDING A POLL

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required to be taken under the Listing Rules or unless a poll is (before or on the declaration of the result of the show of hands) demanded (a) by the chairman; or (b) by at least three members present in person or by proxy for the time being entitled to vote at the meeting; or (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or (d) by any member or members present in person or by proxy and holding the Shares conferring a right to vote at the meeting being the Shares on which an aggregate sum has been paid up equal to not less than one-tenth of all the Shares conferring that right.

On a show of hands, every member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative shall have one vote, and on a poll every member present in person or by proxy shall have one vote for every fully-paid Share of which he is the holder. On a poll a member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

RECOMMENDATION

The Directors consider that the increase in the authorised share capital of the Company is in the interests of the Company and the Shareholders as a whole. Therefore, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be put forward at the EGM.

Yours faithfully,
By Order of the Board
Hon Kwok Lung
Chairman

NOTICE OF THE EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of China Haidian Holdings Limited (the “**Company**”) will be held at Harbour View Room I, 3rd Floor, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Friday, 21 September 2007 at 11:00 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolution with or without amendments as an ordinary resolution of the Company:

“THAT

- (a) the authorised share capital of the Company be increased from HK\$200,000,000 divided into 2,000,000,000 shares to HK\$400,000,000 divided into 4,000,000,000 shares by the creation of an additional 2,000,000,000 shares of HK\$0.10 each; and
- (b) the directors of the Company be and hereby authorised to do all such acts and things and execute all such documents which they consider necessary to expedient to give effect to the increase in the authorised share capital of the Company.”

By order of the board of
CHINA HAIDIAN HOLDINGS LIMITED
Hon Kwok Lung
Chairman

Hong Kong, 5 September 2007

Registered office:

P.O. Box 309
Ugland House
South Church Street
Grand Cayman
Cayman Islands

Principal place of business:

Suites 2701–2705 & 2715–2716
27th Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

NOTICE OF THE EGM

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of such member. A proxy need not be a member of the Company.
2. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be deposited at the Company's share registrar, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or adjourned meeting as the case may be).
3. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Where there are joint holders of any share of the Company, any one of such holders may vote at the meeting either personally or by proxy in respect of such share of the Company as if he was solely entitled thereto, but if more than one of such holders be present at the meeting personally or by proxy, then the one of such holders whose name stands first on the register of members of the Company in respect of such share of the Company shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share of the Company stands shall for this purpose be deemed joint holders thereof.