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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)

REVISED TERMS OF THE PROPOSED ASSET TRANSACTION

Financial Adviser to China Haidian Holdings Limited



Quam Capital Limited

On 3 August 2006, parties to the Asset Transaction Agreement entered into a revised agreement in relation to the Asset Transaction (the “Revised Asset Transaction Agreement”), which supersedes the Asset Transaction Agreement in its entirety.

Under the Revised Asset Transaction Agreement, all the terms and conditions as stipulated in the Asset Transaction Agreement remain unchanged except for the followings:

- (a) The provision relating to the payment terms of the Consideration prior to the completion of the bonus issue and dividend payout to its existing shareholders by Citychamp on 1 August 2006 is deleted;
- (b) The provision relating to the obtaining of Citychamp’s board approval on the Asset Transaction Agreement and the transactions contemplated thereunder, one of the Conditions, is deleted;
- (c) Starlex will have same rights as the other shareholders of Citychamp in relation to the distribution of the accumulated profits of Citychamp immediately upon Completion; and
- (d) All the profits or losses of Jing Guan accumulated from the date following the valuation reference date of Jing Guan as contained in the Revised Asset Transaction Agreement, i.e. 1 June 2006, up to the date of the Completion will be attributable to Citychamp upon Completion.

The Revised Asset Transaction Agreement does not constitute any material variations of the terms of the Asset Transaction Agreement. The purpose of this announcement is to update the public on the latest development of the Asset Transaction.

Shareholders and potential investors of the Company should note that the Revised Asset Transaction Agreement, which is subject to the Conditions, may or may not proceed. Accordingly, shareholders and prospective investors of the Company are reminded to exercise caution when trading in the Shares.

Reference is made to the announcement issued by the Company dated 27 July 2006 (the “Previous Announcement”) in relation to the proposed disposal by Starlex and the proposed acquisition by Citychamp of the entire issued share capital of Jing Guan for a total consideration of RMB360 million (equivalent to approximately HK\$346.2 million). Terms used in this announcement shall have the same meanings as those defined in the Previous Announcement, unless the context requires otherwise.

THE REVISED ASSET TRANSACTION AGREEMENT

On 3 August 2006, Starlex and Citychamp entered into the Revised Asset Transaction Agreement which supersedes the Asset Transaction Agreement in its entirety.

Under the Revised Asset Transaction Agreement, all the terms and conditions as stipulated in the Asset Transaction Agreement remain unchanged except for the followings:

- (a) The provision relating to the payment terms of the Consideration prior to the completion of the bonus issue and dividend payout to its existing shareholders by Citychamp on 1 August 2006 is deleted;
- (b) The provision relating to the obtaining of Citychamp’s board approval on the Asset Transaction Agreement and the transactions contemplated thereunder, one of the Conditions, is deleted;
- (c) Starlex will have same rights as the other shareholders of Citychamp in relation to the distribution of the accumulated profits of Citychamp immediately upon Completion; and
- (d) All the profits or losses of Jing Guan accumulated from the date following the valuation reference date of Jing Guan as contained in the Revised Asset Transaction Agreement, i.e. 1 June 2006, up to the date of the Completion will be attributable to Citychamp upon Completion.

The Revised Asset Transaction Agreement does not constitute any material variations of the terms of the Asset Transaction Agreement. The purpose of this announcement is to update the public on the latest development of the Asset Transaction.

The Directors (including the independent non-executive Directors) are of the view that the Revised Asset Transaction Agreement is on normal commercial terms and fair and reasonable. In addition, it is in the interests of the Company and the Shareholders

as a whole to enter into the Revised Asset Transaction Agreement as (1) it affirms the adjustments to the payment terms of the Consideration by Citychamp as provided in the Asset Transaction Agreement and disclosed in the Previous Announcement, in view of Completion had not taken place before the bonus issue and dividend payout to its existing shareholders by Citychamp on 1 August 2006, (2) Citychamp's board has approved the Revised Asset Transaction Agreement and the transactions contemplated thereunder, therefore the relevant provision under the Asset Transaction Agreement has been fulfilled and is deleted accordingly; and (3) the new provisions in the Revised Asset Transaction Agreement clarify the issues related to the Company's entitlement to the accumulated profits of Citychamp immediately after Completion and Citychamp's entitlement to the profits or losses of Jing Guan accumulated between 31 May 2006 up to the date of the Completion upon Completion. This will help to clarify any ambiguities related to these issues and avoid any future disagreements between the parties involved.

Shareholders and potential investors of the Company should note that the Revised Asset Transaction Agreement, which is subject to the Conditions, may or may not proceed. Accordingly, shareholders and prospective investors of the Company are reminded to exercise caution when trading in the Shares.

As at the date of this announcement, the Board comprises Mr. Hon Kwok Lung, Mr. Wang Shaolan, Mr. Shang Jian Guang, 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, Dr. Kwong Chun Wai, Michael and Mr. Li Qiang as the independent non-executive Directors.

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

Hong Kong, 3 August 2006