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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)**

### **VOLUNTARY ANNOUNCEMENT**

China Haidian Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) owns, produces, and distributes the EBOHR and Rossini brands that are ranked top-five selling watches (including local and foreign brands) in Mainland China by sales volume in the first half of 2010. Currently, the Group has over 2,000 points of sale (including outlets within department stores and authorized dealers) across Mainland China.

In addition to developing self-owned outlets within department stores and authorized dealers for EBOHR and Rossini brands across Mainland China, the Group is actively seeking to acquire Mainland China’s regional distribution networks to accelerate its retail expansion.

On 31 August 2010, Actor Investments Limited (“Actor”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement with 重慶石橋鐘錶有限公司 (Chongqing Shiqiao Watch Company Limited) (“Shiqiao”) for the establishment of 瑞皇 (重慶) 鐘錶有限公司 (Ruihuang (Chongqing) Watch Company Limited) (the “Joint Venture”). Actor owns 51% equity share of the Joint Venture and Shiqiao owns 49% equity share of the Joint Venture. The Joint Venture currently has 27 outlets.

Shiqiao is one of the leading regional watch distributors, having outlets in Chongqing and other key cities in the southwestern part of Mainland China. It distributes local and foreign watch brands. Local watch brands include EBOHR and Rossini while foreign watch brands include Baume & Mercier, Tissot, Longines, Titoni, Rado, Casio, etc. It also establishes Longines flagship store and Tissot flagship store in Chongqing.

The directors of the Company believe that the Joint Venture will benefit the Group for the following reasons:

1. Mainland China's foreign watch market offers enormous potential. Mainland China is the fastest growing Swiss watch destination with a compound annual growth rate of over 25% in the last four years. Besides, the per capita consumption of Mainland China is still very low compared with developed countries.
2. Continuous salary and income increase may ripple through the entire middle class population, which would trigger a more widespread and pronounced boost in overall watch consumption. Rising urbanization also facilitates the rapid development of foreign watch market.
3. Coupled with distribution of proprietary brands, the distribution of non-proprietary foreign brands will strengthen the Group's market position in the Chinese watch industry. This is essential for the rapid market penetration all over Mainland China.
4. The Joint Venture will strengthen the Group's distribution network in Chongqing and the southwestern regions. It also brings to the Company the valuable expertise, for instance, providing maintenance services to foreign watches.
5. Financially, the investment will broaden the revenue and income base of the Group.

The ultimate goal of the Group is to build a comprehensive portfolio of companies specializing in manufacturing watches and distribution of the proprietary brands and non-proprietary brands in Mainland China and overseas.

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

Hong Kong, 16 November 2010

*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 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.*