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CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED

招商局中國基金有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 133)

**DISPOSAL MANDATES IN RELATION TO
THE PROPOSED DISPOSAL OF SHARES IN
(I) INDUSTRIAL BANK CO., LTD. AND (II) CHINA MERCHANTS BANK
CO., LTD.
POSSIBLE VERY SUBSTANTIAL DISPOSALS**

(i) Proposed INDB Disposal

It is proposed to seek a disposal mandate from the Shareholders to allow the Directors to dispose of the Disposable INDB A Shares, which represent a total of 79,800,000 INDB A Shares held by the Group. The Group presently does not have any discussion with any party to dispose of the Disposable INDB A Shares. Nevertheless, the Directors believe that it would be in its best interests to have the flexibility of disposing of the Disposable INDB A Shares.

The INDB A Shares are listed on the SSE and, as at the date of this announcement, the Group beneficially owns 79,800,000 INDB A Shares, representing approximately 1.596% interest of INDB. The Disposable INDB A Shares represents the entire interest of the Group held in INDB. The selling price of the INDB A Shares will be the market price of the INDB A Shares at the relevant times. Market price refers to the price allowed under the trading system of the SSE, but will not be less than RMB7.78 (equivalent to approximately HK\$8.85) per INDB A Share.

(ii) Proposed CMB Disposal

It is proposed to seek a disposal mandate from the Shareholders to allow the Directors to dispose of the Disposable CMB A Shares, which represent a total of 120,623,078 CMB A Shares held by the Group. The Group presently does not have any discussion with any party to dispose of the Disposable CMB A Shares. Nevertheless, the Directors believe that it would be in its best interests to have the flexibility of disposing of the Disposable CMB A Shares.

The CMB A Shares are listed on the SSE and, as at the date of this announcement, the Group beneficially owns 120,623,078 CMB A Shares, representing approximately 0.82% interest of CMB. The Disposable CMB A Shares represents the entire interest of the Group held in CMB. The selling price of the CMB A Shares will be the market price of the CMB A Shares at the relevant times. Market price refers to the price allowed under the trading system of the SSE, but will not be less than RMB4.62 (equivalent to approximately HK\$5.25) per CMB A Share.

As stated in the Group's 2008 interim report, the Group continuously makes every effort to identify new investment projects, with an emphasis on investment opportunities in sectors such as financial services, energy, environmental protection, consumer and cultural promotion, and also actively turns its existing investments in order to seek better returns for the Shareholders. The proceeds from the Proposed Disposals will put the Group in a better and more flexible financial position to take advantage of current and other investment opportunities should they arise.

In respect of the Proposed INDB Disposal and the Proposed CMB Disposal, if the Group proceeds with part or all of the Proposed INDB Disposal and the Proposed CMB Disposal, the aggregate of all those shares to be disposed of under the INDB Disposal Mandate and/or the CMB Disposal Mandate may constitute a major transaction and/or a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Proposed INDB Disposal and the Proposed CMB Disposal will then be subject to the requirements of announcement, circular and the Shareholders' approval under the Listing Rules. In order to give the Directors the flexibility to dispose of the Disposable INDB A Shares and/or the Disposable CMB A Shares at the appropriate times and prices so as to maximize the returns to the Group, the Company will seek the INDB Disposal Mandate and the CMB Disposal Mandate granted from the Shareholders for the Proposed INDB Disposal and the Proposed CMB Disposal at the EGM.

While the Company currently intends to proceed with the Proposed Disposals after the applicable requirements under the Listing Rules are complied with, it should be emphasized that there is no assurance the Company will necessarily proceed with any part of the Proposed Disposals. The Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

The Proposed INDB Disposal and the Proposed CMB Disposal are independent of each other and not inter-conditional.

THE PROPOSED INDB DISPOSAL

The Directors wish to announce that it is proposed to seek a disposal mandate from the Shareholders to allow the Directors to dispose of the Disposable INDB A Shares, which represent a total of 79,800,000 INDB A Shares held by the Group that are freely tradable on the SSE during the Mandate Period. The Group presently does not have any discussion with any party to dispose of the Disposable INDB A Shares. Nevertheless, the Directors believe that it would be in its best interests to have the flexibility of disposing of the Disposable INDB A Shares.

The INDB A Shares are listed on the SSE and, as at the date of this announcement, the Group beneficially owns 79,800,000 INDB A Shares, representing approximately 1.596% interest of INDB. The Disposable INDB A Shares represents the entire interest of the Group held in INDB.

The Shareholders had granted to the Board a Previous Mandate to dispose of up to 84,000,000 INDB A Shares for a period of 12 months from 16 January 2008 at the extraordinary general meeting of the Company held on 16 January 2008. Pursuant to this mandate and as at 31 October 2008, the Group disposed of an aggregate of 4,200,000 INDB A Shares. If the INDB Disposal Mandate is to be granted to the Directors at the EGM, the Previous Mandate will be revoked.

If the Group proceeds with the Proposed INDB Disposal and on the assumption that all the Disposable INDB A Shares held by the Group are to be disposed of, the Proposed INDB Disposal may constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Company will seek the INDB Disposal Mandate for the Proposed INDB Disposal at the EGM at the following terms:

1. the Group will dispose of the Disposable INDB A Shares in the open market through the SSE's trading system;
2. the selling price of the INDB A Shares will be the market price of the INDB A Shares at the relevant times. Market price refers to the price allowed under the trading system of the SSE, but will not be less than RMB7.78 (equivalent to approximately HK\$8.85) per INDB A Share which was determined with reference to the 2007 audited net asset value per share of INDB and the valuation of listed international banks and reflected the minimum selling price acceptable to the Directors; and
3. the disposal mandate is for a 12-month period from the passing of the relevant resolution(s) at the EGM.

The Proposed INDB Disposal will comply with all relevant laws and regulations, including any applicable trading regulations governing the Proposed INDB Disposal in the PRC.

Under the INDB Disposal Mandate proposed to be granted to the Directors, the Group may dispose of the Disposable INDB A Shares on the SSE through its trading mechanisms, e.g. the bidding price dealing system. The Group will delegate to the Investment Manager to handle all matters relating to the Proposed INDB Disposal. In addition, the Company will form a board committee consisting of two members of the investment committee of the Company to monitor the process of execution of disposal orders, and requires the Investment Manager to report and clear with the board committee after the sales of approximately every 5% of the Disposable INDB A Shares. All elaborations and decisions in relation to the timing, price and amount of the Proposed INDB Disposal will be kept confidential.

INFORMATION ABOUT INDB

According to the annual report 2007 of INDB, INDB has over 390 branches and offices throughout the PRC. As of 31 December 2007, INDB had a registered capital of RMB5,000 million following the launching of initial public offerings on the SSE in February 2007. The main business activities of INDB include: taking deposits from the public; granting short, medium and long-term loans; handling domestic and international settlements; handling bills acceptances and discounting; issuing financial bonds; acting as agent for the issue and encashment of and underwriting government bonds; trading government bonds and financial bonds; handling the trading of derivative products (except for stocks and commodities related derivative products) issued by financial institutions; providing custodial services for securities investment funds and social security funds; engaging in inter-bank lendings and borrowings; trading foreign currencies, either on its own behalf or on behalf of clients; providing foreign exchange services; engaging in credit card business; providing letters of credit and guarantees services; providing agency collections and payments services; providing safe box services; and other businesses approved by the CBRC.

The following sets out a summary of financial information of INDB for the two years ended 31 December 2007 which were prepared under the PRC accounting standards:

	For the year ended 31 December			
	2007		2006	
	(RMB million) (audited)	HK\$ million equivalent	(RMB million) (audited)	HK\$ million equivalent
Profit before taxation	10,910	12,405	5,046	5,737
Profit after taxation	8,586	9,762	3,798	4,318
Net asset value	38,897	44,226	16,200	18,419

As at 31 December 2007, the audited consolidated net asset value of INDB amounted to approximately RMB38,897 million (equivalent to approximately HK\$44,226 million). The Group held a 1.68% and 2.10% interest of INDB in 2007 and 2006 respectively. The audited net asset value attributable to the INDB A Shares held by the Group was approximately RMB653 million (equivalent to approximately HK\$742 million) as at 31 December 2007. Dividend income received by the Group from INDB amounted to approximately US\$2.87 million (equivalent to approximately HK\$22.38 million) in 2007 and nil in 2006. The fair value gain on INDB attributable to the Group amounted to approximately US\$494.16 million (equivalent to approximately HK\$3,853.71 million) in 2007 and US\$31.26 million (equivalent to approximately HK\$243.78 million) in 2006.

Based on the carrying amount of the Disposable INDB A Shares as at 31 December 2007 which was US\$532.16 million (equivalent to approximately HK\$4,150.05 million) and the minimum price of RMB7.78 (equivalent to approximately HK\$8.85), the expected realized accounting loss on the disposal of the Disposable INDB A Shares is US\$441.99 million (equivalent to approximately HK\$3,446.86 million).

The Shareholders should note that the actual amounts of proceeds, accounting gain or loss and the effects on the net assets and earnings of the Group depend on the actual selling price of the Proposed INDB Disposal.

The closing price of INDB A Shares as quoted on the SSE on the last trading day of the INDB A Shares immediately before the date of the announcement was RMB15.13 (equivalent to approximately HK\$17.20).

THE PROPOSED CMB DISPOSAL

The Directors wish to announce that it is proposed to seek a disposal mandate from the Shareholders to allow the Directors to dispose of the Disposable CMB A Shares, which represent a total of 120,623,078 CMB A Shares held by the Group that are freely tradable on the SSE during the Mandate Period. The Group presently does not have any discussion with any party to dispose of the Disposable CMB A Shares. Nevertheless, the Directors believe that it would be in its best interests to have the flexibility of disposing of the Disposable CMB A Shares.

The CMB A Shares are listed on the SSE and, as at the date of this announcement, the Group beneficially owns 120,623,078 CMB A Shares, representing approximately 0.82% interest of CMB. The Disposable CMB A Shares represents the entire interest of the Group held in CMB.

If the Group proceeds with the Proposed CMB Disposal and on the assumption that all the Disposable CMB A Shares held by the Group are to be disposed of, the Proposed CMB Disposal may constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Company will seek the CMB Disposal Mandate for the Proposed CMB Disposal at the EGM at the following terms:

1. the Group will dispose of the Disposable CMB A Shares in the open market through the SSE's trading system;
2. the selling price of the CMB A Shares will be the market price of the CMB A Shares at the relevant times. Market price refers to the price allowed under the trading system of the SSE, but will not be less than RMB4.62 (equivalent to approximately HK\$5.25) per CMB A Share which was determined with reference to the 2007 audited net asset value per share of CMB and the valuation of listed international banks and reflected the minimum selling price acceptable to the Directors; and
3. the disposal mandate is for a 12-month period from the passing of the relevant resolution(s) at the EGM.

The Proposed CMB Disposal will comply with all relevant laws and regulations, including any applicable trading regulations governing the Proposed CMB Disposal in the PRC.

Under the CMB Disposal Mandate proposed to be granted to the Directors, the Group may dispose of the Disposable CMB A Shares on the SSE through its trading mechanisms, e.g. the bidding price dealing system. The Group will delegate to the Investment Manager to handle all matters relating to the Proposed CMB Disposal. In addition, the Company will form a board committee consisting of two members of the investment committee of the Company to monitor the process of execution of disposal orders, and requires the Investment Manager to report and clear with the board committee after the sales of approximately every 5% of the Disposable CMB A Shares. All elaborations and decisions in relation to the timing, price and amount of the Proposed CMB Disposal will be kept confidential.

INFORMATION ABOUT CMB

According to the annual report 2007 of CMB, CMB has over 570 branches and offices throughout the PRC. Its A shares were first listed on the SSE in 2002 and its H shares were listed on the Stock Exchange in 2006. As of 31 December 2007, CMB had a registered capital of RMB14,705 million. The main business activities of CMB include: taking deposits from the public; granting short, medium and long-term loans; handling settlements; handling bills discounting; issuing financial bonds; acting as agent for the issue and encashment of, underwriting and trading government bonds; engaging in inter-bank lendings and borrowings; providing letters of credit and guarantees services; providing agency collections and payments services; selling bancassurances; providing safe box services; taking foreign currency deposits; granting foreign currency loans; providing remittances services; providing foreign exchange services; providing international settlements services; engaging in foreign currency placements; providing foreign currency bills acceptances and discounting services; trading and trading as agent foreign currency securities except stocks; issuing and issuing as agent foreign currency securities except stocks; engaging in proprietary trading and trading on behalf of customers in FX; providing credit investigations, advisory and attestation services; engaging in offshore banking business; engaging in credit card business; providing custodial services for securities investment funds, Qualified Foreign Institutional Investors (QFII), corporate annuity funds (including account management services) and social security funds; underwriting commercial papers; trading derivative products; and other businesses approved by the CBRC.

The following sets out a summary of financial information of CMB for the two years ended 31 December 2007 which were prepared under the PRC accounting standards:

	For the year ended 31 December			
	2007		2006	
	(RMB million) (audited)	HK\$ million equivalent	(RMB million) (audited)	HK\$ million equivalent
Profit before taxation	21,043	23,926	10,084	11,466
Profit after taxation	15,243	17,331	6,794	7,725
Net asset value	67,984	77,298	55,160	62,717

As at 31 December 2007, the audited consolidated net asset value of CMB amounted to approximately RMB 67,984 million (equivalent to approximately HK\$77,298 million). The Group held a 0.83% interest of CMB in 2007 and 2006. The audited net asset value attributable to the CMB A Shares held by the Group was approximately RMB 564 million (equivalent to approximately HK\$641 million) as at 31 December 2007. Dividend income received by the Group from CMB amounted to approximately US\$1.93 million (equivalent to approximately HK\$15.05 million) in 2007 and approximately US\$4 million (equivalent to approximately HK\$31.19 million) in 2006. The fair value gain on CMB attributable to the Group amounted to approximately US\$413.36 million (equivalent to approximately HK\$3,223.59 million) in 2007 and US\$116.01 million (equivalent to approximately HK\$904.7 million) in 2006.

Based on the carrying amount of the Disposable CMB A Shares as at 31 December 2007 which was US\$597.69 million (equivalent to approximately HK\$4,661.09 million) and the minimum price of RMB4.62 (equivalent to approximately HK\$5.25), the expected realized accounting loss on the disposal of the Disposable CMB A Shares is US\$516.88 million (equivalent to approximately HK\$4,030.89 million).

The Shareholders should note that the actual amounts of proceeds, accounting gain or loss and the effects on the net assets and earnings of the Group depend on the actual selling price of the Proposed CMB Disposal.

The closing price of CMB A Shares as quoted on the SSE on the last trading day of the CMB A Shares immediately before the date of the announcement was RMB13.71 (equivalent to approximately HK\$15.59).

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSALS

As stated in the Group's 2008 interim report, the Group continuously makes every effort to identify new investment projects, with an emphasis on investment opportunities in sectors such as financial services, energy, environmental protection, consumer and cultural promotion, and also actively turns its existing investments in order to seek better returns for the Shareholders. The proceeds from the Proposed Disposals will put the Group in a better and more flexible financial position to take advantage of current and other investment opportunities should they arise.

The Directors (including independent non-executive Directors) consider that the Proposed Disposals represent a good opportunity to increase the cash flow of the Company. The Directors consider that the Proposed Disposals will be conducted in the best interests of the Company and the Shareholders as a whole and the INDB Disposal Mandate and the CMB Disposal Mandate will give flexibility to the Directors to dispose of the Disposable INDB A Shares and the Disposable CMB A Shares at the appropriate times and prices in order to maximize the returns to the Group.

The Directors (including independent non-executive Directors) are of the view that the INDB Disposal Mandate and the CMB Disposal Mandate under the Proposed Disposals are fair and reasonable and in the interests of the Shareholders as a whole, after considering the business fundamentals of INDB and CMB, prevailing market sentiments and conditions, and the financial needs of the Group.

INFORMATION ABOUT THE COMPANY

The Company is an investment company and the Shares of which are listed on the main board of the Stock Exchange. The Company specializes in investing in the PRC. Its investment objective is to acquire quality investments, principally in unlisted enterprises, in the PRC. The Company may also invest in China-concept shares, “H” shares, “B” shares and any shares listed in the Stock Exchange provided that the main businesses or incomes of such companies are derived from the PRC including Hong Kong.

REGULATORY ASPECTS

If the Group proceeds with the Proposed INDB Disposal and the Proposed CMB Disposal, the aggregate of all those shares to be disposed of under the INDB Disposal Mandate and/or the CMB Disposal Mandate may constitute a major transaction and/or a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Proposed INDB Disposal and the Proposed CMB Disposal will then be subject to the requirements of announcement, circular and the Shareholders’ approval under the Listing Rules.

In the event that the Group finds out that the counterparty is a connected person before disposing of the Disposable INDB A Shares and/or the Disposable CMB A Shares, the Group will strictly follow the announcement, reporting and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

A circular, including the financial information of the Disposable INDB A Shares and the Disposable CMB A Shares pursuant to Rule 14.68(2)(b) of the Listing Rules, containing further details of, and other disclosures in connection with, the Proposed Disposals required under the Listing Rules as well as the notice of the EGM for approving the Proposed Disposals, will be despatched to the Shareholders as soon as practicable.

To the best of the knowledge and belief of the Directors having made all reasonable enquiry, no Shareholder has a material interest in the matters which are the subject of the Proposed Disposals such that it must abstain from voting, and, accordingly, all Shareholders are permitted to vote at the EGM.

GENERAL

Whether the Company will decide to or not to proceed with the Proposed Disposals will depend on a number of factors including without limitation prevailing market sentiments and market conditions at the proposed time of executing the Proposed Disposals. The decision will also be subject to compliance by the Company with all applicable requirements under the Listing Rules. While the Company currently intends to proceed with the Proposed Disposals after the applicable requirements under the Listing Rules are complied with, it should be emphasized that there is no assurance the Company will necessarily proceed with any part of the Proposed Disposals. The Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

The Proposed INDB Disposal and the Proposed CMB Disposal are independent of each other and not inter-conditional.

DEFINITIONS

“Board”	board of Directors
“CBRC”	China Banking Regulatory Commission
“CMB”	招商銀行股份有限公司 (China Merchants Bank Co., Ltd.), a joint-stock commercial bank approved by the CBRC in the PRC with limited liability, whose A and H shares are listed on the SSE and the Stock Exchange respectively
“CMB A Shares”	domestic A shares of CMB subscribed in RMB, issued in the PRC and listed on the SSE
“CMB Disposal Mandate”	the disposal mandate proposed to be granted by the Shareholders to the Directors to dispose of the Disposable CMB A Shares during the Mandate Period
“Company”	China Merchants China Direct Investments Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Disposable CMB A Shares”	120,623,078 CMB A Shares, representing the entire number of CMB A Shares that are held by the Group and that are freely tradable

“Disposable INDB A Shares”	79,800,000 INDB A Shares, representing the entire number of INDB A Shares that are held by the Group and that are freely tradable
“EGM”	extraordinary general meeting proposed to be convened by the Company to consider and, if appropriate, to approve the grant of disposal mandates for the Proposed Disposals
“Group”	the Company, its subsidiaries, jointly controlled entities and associated companies
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“INDB”	興業銀行股份有限公司 (Industrial Bank Co., Ltd.), a joint-stock commercial bank approved by the CBRC in the PRC with limited liability, whose A shares are listed on the SSE
“INDB A Shares”	domestic A shares of INDB subscribed in RMB, issued in the PRC and listed on the SSE
“INDB Disposal Mandate”	the disposal mandate proposed to be granted by the Shareholders to the Directors to dispose of the Disposable INDB A Shares during the Mandate Period
“Investment Manager”	China Merchants China Investment Management Limited, a fund management company incorporated in Hong Kong with limited liability and registered under the Securities & Futures Ordinance of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mandate Period”	twelve calendar months from the passing of the relevant resolution(s) at the EGM
“PRC”	The People’s Republic of China
“Previous Mandate”	the disposal mandate, granted to the Directors by the Shareholders at the extraordinary general meeting of the Company dated 16 January 2008, to dispose of up to 84,000,000 INDB A Shares subject to certain conditions, details of which were set out in the circular of the Company dated 31 December 2007

“Proposed CMB Disposal”	the proposed disposal of the Disposable CMB A Shares by the Group pursuant under the CMB Disposal Mandate
“Proposed Disposals”	the Proposed INDB Disposal and the Proposed CMB Disposal
“Proposed INDB Disposal”	the proposed disposal of the Disposable INDB A Shares by the Group pursuant under the INDB Disposal Mandate
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) of US\$0.1 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of United States of America for the time being

For illustrative purposes of this announcement, RMB 1= HK\$1.137, US\$1 = HK\$7.7985 and US\$1 = RMB6.8591

By Order of the Board
Peter LEE Yip Wah
Company Secretary

Hong Kong, 11 November 2008

As at the date hereof, the Board of the Company comprises eight Directors, of which five are Executive Directors, namely Mr. LI Yinquan, Mr. HONG Xiaoyuan, Mr. CHU Lap Lik, Victor, Ms. ZHOU Linda Lei and Mr. TSE Yue Kit; and three are Independent Non-executive Directors, namely Mr. KUT Ying Hay, Mr. WANG Jincheng and Mr. LI Kai Cheong, Samson. In addition, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.