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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)

POSSIBLE VERY SUBSTANTIAL DISPOSALS

**RENEWAL OF THE MANDATES FOR
THE PROPOSED DISPOSAL OF SHARES IN
CHINA MERCHANTS BANK CO., LTD.
AND INDUSTRIAL BANK CO., LTD.**

The Company obtained the 2008 Disposal Mandates from its Shareholders for disposal of its shareholdings in CMB and IBC which will expire on 14 December 2009.

The Proposed CMB Disposal

As at the date of this announcement, the Company beneficially owns a total of 115,770,002 CMB A Shares, which are listed and freely tradable on the SSE, representing approximately 0.61% interest in the issued share capital of CMB. The Company also proposes to subscribe for the CMB A Rights Shares that will be allotted to it in nil-paid form pursuant to the CMB A Rights Issue in full subject to the Shareholders' approval (as disclosed in the Subscription Announcement). If the Group proceeds with the Proposed CMB Disposal and on the assumption that all 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 Proposed CMB Disposal will then be subject to the requirements of announcement, circular and the Shareholders' approval under the Listing Rules. In view of the imminent expiry of the 2008 Disposal Mandates, the Board proposes to seek the approval of the Shareholders to grant a disposal mandate to the Directors to dispose of the CMB Interests during the Mandate Period on the terms set out in this announcement.

The Proposed IBC Disposal

As at the date of this announcement, the Company beneficially owns a total of 47,900,000 IBC A Shares, which are listed and freely tradable on the SSE, representing approximately 0.96% interest in the issued share capital of IBC. If the Group proceeds with the Proposed IBC Disposal and on the assumption that all IBC A Shares held by the Group are to be disposed of, the Proposed IBC Disposal may constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Proposed IBC Disposal will then be subject to the requirements of announcement, circular and the Shareholders' approval under the Listing Rules. In view of the imminent expiry of the 2008 Disposal Mandates, the Board also proposes to seek the approval of the Shareholders to grant a disposal mandate to the Directors to dispose of the IBC Interests during the Mandate Period on the terms set out in this announcement.

The Proposed Subscription

On 19 October 2009, CMB obtained approval by its shareholders to launch the proposed CMB A Rights Issue. The Company proposes to subscribe for the CMB A Rights Shares to which it is entitled under the CMB A Rights Issue in full. Details of the Proposed Subscription were set out in the Subscription Announcement. The Board proposes to seek the approval of the Shareholders for the Proposed Subscription at the same time when the Company seeks the Shareholders' approval to grant the CMB Disposal Mandate and the IBC Disposal Mandate.

A circular containing further details of the Proposed Disposals and the Proposed Subscription, together with the notice of the EGM for approving the Proposed Disposals and the Proposed Subscription, will be dispatched to the Shareholders as soon as practicable.

INTRODUCTION

The Company obtained the 2008 Disposal Mandates from the Shareholders to dispose of 120,623,078 CMB A Shares and 79,800,000 IBC A Shares held by the Group for a period of 12 months from the passing of the relevant resolutions at the extraordinary general meeting of the Company held on 15 December 2008. Details of the 2008 Disposal Mandates were set out in the announcement of the Company dated 11 November 2008 and the circular of the Company dated 29 November 2008. As at the date of this announcement, 33,000,000 CMB A Shares and 31,900,000 IBC A Shares have been disposed of under the 2008 Disposal Mandates.

As at the date of this announcement, 115,770,002 CMB A Shares and 47,900,000 IBC A Shares are held by the Company. It has been the known policy of the Company to dispose of the CMB Interests and the IBC Interests held by the Group in a gradual manner. In view of the imminent expiry of the 2008 Disposal Mandates on 14 December 2009, the Board proposes to seek the approval of the Shareholders to grant fresh mandates to the Board to dispose of the CMB Interests and the IBC Interests at the EGM for another 12 months from the date of the EGM.

THE PROPOSED CMB DISPOSAL

As at the date of this announcement, the Company beneficially owns a total of 115,770,002 CMB A Shares (inclusive of the 28,146,924 CMB A Shares issued to the Company in July 2009 pursuant to the bonus share issue of CMB, the details of which were set out in the circular of CMB dated 6 May 2009), which are listed and freely tradable on the SSE, representing approximately 0.61% interest in the issued share capital of CMB based on publicly available information.

As disclosed in the Subscription Announcement, the Company proposes to subscribe for the CMB A Rights Shares that will be allotted to it in nil-paid form pursuant to the CMB A Rights Issue in full subject to the Shareholders' approval. Based on the assumptions set out in the Subscription Announcement, the Company estimates that approximately 25,724,010 CMB A Rights Shares will be allotted and issued to the Company in nil-paid form pursuant to the CMB A Rights Issue (subject to final determination of CMB).

The Board proposes to seek the approval of the Shareholders to grant a disposal mandate to the Directors to dispose of the CMB Interests during the Mandate Period. The CMB Interests, comprising the 115,770,002 CMB A Shares held by the Company as at the date of this announcement and the 25,724,010 CMB A Rights Shares estimated to be allotted and issued to the Company pursuant to the CMB A Rights Issue, represent the entire interest held by the Group in CMB. As at the date of this announcement, the Group does not have any discussion with any party to dispose of the CMB Interests. Nevertheless, the Board is of the view that it would be in the best interests of the Shareholders and the Company for the Directors to have flexibility in disposing of the CMB Interests.

After the expiry of the 2008 Disposal Mandates, if the Group proceeds with the Proposed CMB Disposal and on the assumption that all 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 and require compliance with the announcement, circular and shareholders' approval requirements under the Listing Rules. The Company proposes to seek the CMB Disposal Mandate for the Proposed CMB Disposal at the EGM on the following terms:

1. the Group will dispose of the CMB Interests in the open market through the trading system of the SSE;

2. the selling price of the CMB A Shares will be the market price of the CMB A Shares at the relevant times, where market price refers to the price allowed under the trading system of the SSE, but will not be less than RMB5.00 (equivalent to approximately HK\$5.67) per CMB A Share; and
3. the disposal mandate is for a 12-month period from the passing of the relevant resolution(s) at the EGM.

The minimum selling price of RMB5.00 was determined on the basis of the 2008 audited net asset value per share of CMB and the valuation of the CMB A Shares with reference to the price-to-book ratio of PRC and international banks listed either in Hong Kong or the United States of America. Based on such valuation, the Directors consider that the minimum selling price will allow flexibility for the Directors to accommodate fluctuation in market conditions in the exercise of the CMB Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of the CMB Interests, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

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 CMB Interests on the SSE through its trading system. The Group will delegate all necessary power 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 will require the Investment Manager to report and clear with the board committee after the sales of every 6,000,000 CMB A Shares. All elaborations, discussions and decisions in relation to the timing, price and amount of the Proposed CMB Disposal will be kept confidential. The Company will publish an announcement every quarter to disclose the number of CMB A Shares disposed of pursuant to the CMB Disposal Mandate on aggregate basis and the net proceeds arising therefrom.

INFORMATION ABOUT CMB

According to the 2008 annual report of CMB and publicly available information, CMB has over 700 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 2008, CMB had a registered capital of RMB14,707 million, which was increased to RMB19,119 million after the bonus share issue in July 2009 (the details of which were set out in the circular of CMB dated 6 May 2009). 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 bank assurances; providing safe deposit 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 2008 which were prepared under the PRC accounting standards:

	For the year ended 31 December			
	2008		2007	
	(RMB million)	HK\$ million	(RMB million)	HK\$ million
	(audited)	equivalent	(audited)	equivalent
Profit before taxation	26,759	30,342	21,043	23,861
Profit after taxation	20,946	23,751	15,243	17,284
Net asset value	79,515	90,162	67,984	77,087

As at 31 December 2008, the audited consolidated net asset value of CMB amounted to approximately RMB 79,515 million (equivalent to approximately HK\$90,162 million). The Group held a 0.79% and 0.83% interest of CMB at the financial year end of 2008 and 2007 respectively. The audited net asset value attributable to the CMB A Shares held by the Group was approximately RMB 628 million (equivalent to approximately HK\$712 million) as at 31 December 2008. Dividend income received by the Group from CMB amounted to approximately US\$4.93 million (equivalent to approximately HK\$38.21 million) in 2008 and approximately US\$1.93 million (equivalent to approximately HK\$14.96 million) in 2007. The change in fair value on CMB attributable to the Group amounted to loss of approximately US\$403.22 million (equivalent to approximately HK\$3,125 million) in 2008 and gain of approximately US\$413.36 million (equivalent to approximately HK\$3,203.58 million) in 2007 respectively.

Based on the carrying amount of the CMB Interests (excluding the 25,724,010 CMB A Rights Shares estimated to be allotted and issued to the Company pursuant to the CMB A Rights Issue) held by the Company as at 31 December 2008 which was US\$158.31 million (equivalent to approximately HK\$1,226.92 million) and the minimum price of RMB5.00 (equivalent to approximately HK\$5.67), the expected realized accounting loss on the disposal of the CMB Interests is US\$73.80 million (equivalent to approximately HK\$571.96 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 highest and lowest closing price of CMB A Shares as quoted on the SSE in the 12 months immediately before the date of this announcement was RMB19.69 and RMB8.99 (equivalent to approximately HK\$22.33 and HK\$10.19) respectively.

THE PROPOSED SUBSCRIPTION

On 19 October 2009, CMB obtained approval by its shareholders to launch the proposed CMB A Rights Issue. The Company proposes to subscribe for the CMB A Rights Shares to which it is entitled under the CMB A Rights Issue in full. Details of the Proposed Subscription, including the background to the Proposed Subscription, the reasons for the Proposed Subscription and the regulatory issues in relation to the Proposed Subscription were set out in the Subscription Announcement.

As one of the Conditions on which the Stock Exchange granted the Waiver to the Company, the Company is required to obtain the Shareholders' approval to subscribe for the CMB A Rights Shares to which it is entitled under the CMB A Rights Issue. An ordinary resolution will be proposed at the EGM for the Shareholders to approve the Proposed Subscription.

THE PROPOSED IBC DISPOSAL

As at the date of this announcement, the Company beneficially owns a total of 47,900,000 IBC A Shares, which are listed and freely tradable on the SSE, representing approximately 0.96% interest in the issued share capital of IBC based on publicly available information.

The Board proposes to seek the approval of the Shareholders to grant a disposal mandate to the Directors to dispose of the IBC Interests during the Mandate Period. The IBC Interests, comprising the 47,900,000 IBC A Shares held by the Company as at the date of this announcement, represent the entire interest held by the Group in IBC. As at the date of this announcement, the Group presently does not have any discussion with any party to dispose of the IBC Interests.

As part of the Conditions on which the Stock Exchange granted the Waiver to the Company in connection with the Proposed Subscription, the Company is required to (among others) (a) dispose of a minimum of 8,500,000 CMB A Shares by the ex-rights date of the CMB A Rights Issue and to further dispose of CMB A Shares to the extent that its interests in CMB will not exceed 20% of the net asset value of the Company within 6 months from the completion of the CMB A Rights Issue and (b) to dispose of its IBC Interests to the extent that its IBC Interests will not exceed 20% of the net asset value of the Company as soon as possible after late 2010. (For further details on the Conditions, please refer to the Subscription Announcement.)

As disclosed in the Subscription Announcement, the Company will prioritize its efforts to satisfy the Condition under item (a) above and will consider an appropriate timing to satisfy Condition under item (b) above with reference to general market conditions, progress of making new investments and performance of CMB A Shares, IBC A Shares and other investments of the Company. While prioritizing its efforts in disposing of the CMB Interests, the Company will also keep a keen eye on the performance of the IBC A Shares throughout the Mandate Period and dispose of the IBC Interests should the Directors consider it a right timing for doing so. Given the volatility of the present-day stock market, disposing shares at the best possible price requires prompt disposal actions at the right timing. The Directors would therefore like to have the flexibility in disposing of the IBC Interests in order to capture market opportunities and dispose of the IBC A Shares at the best possible price.

After the expiry of the 2008 Disposal Mandates, if the Group proceeds with the Proposed IBC Disposal and on the assumption that all IBC A Shares held by the Group are to be disposed of, the Proposed IBC Disposal may constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and require compliance with the announcement, circular and shareholders' approval requirements under the Listing Rules. The Company proposes to seek the IBC Disposal Mandate for the Proposed IBC Disposal at the EGM on the following terms:

1. the Group will dispose of the IBC Interests in the open market through the trading system of the SSE;
2. the selling price of the IBC A Shares will be the market price of the IBC A Shares at the relevant times, where market price refers to the price allowed under the trading system of the SSE, but will not be less than RMB12.00 (equivalent to approximately HK\$13.61) per IBC A Share; and
3. the disposal mandate is for a 12-month period from the passing of the relevant resolution(s) at the EGM.

The minimum selling price of RMB12.00 was determined on the basis of the 2008 audited net asset value per share of IBC and the valuation of the IBC A Shares with reference to the price-to-book ratio of PRC and international banks listed either in Hong Kong or the United States of America. Based on such valuation, the Directors consider that the minimum selling price will allow flexibility for the Directors to accommodate fluctuation in market conditions in the exercise of the IBC Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of the IBC Interests, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

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

Under the IBC Disposal Mandate proposed to be granted to the Directors, the Group may dispose of the IBC Interests on the SSE through its trading system. The Group will delegate all necessary power to the Investment Manager to handle all matters relating to the Proposed IBC 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 will require the Investment Manager to report and clear with the board committee after the sales of every 4,000,000 IBC A Shares. All elaborations, discussions and decisions in relation to the timing, price and amount of the Proposed IBC Disposal will be kept confidential. The Company will publish an announcement every quarter to disclose the number of IBC A Shares disposed of pursuant to the IBC Disposal Mandate on aggregate basis and the net proceeds arising therefrom.

INFORMATION ABOUT IBC

According to the 2008 annual report of IBC and publicly available information, IBC has over 470 branches and offices throughout the PRC. As of 31 December 2008, IBC had a registered capital of RMB5,000 million. The main business activities of IBC 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 deposit box services; and other businesses approved by the CBRC.

The following sets out a summary of financial information of IBC for the two years ended 31 December 2008 which were prepared under the PRC accounting standards:

	For the year ended 31 December			
	2008		2007	
	(RMB million) (audited)	HK\$ million equivalent	(RMB million) (audited)	HK\$ million equivalent
Profit before taxation	14,037	15,917	10,910	12,371
Profit after taxation	11,385	12,909	8,586	9,736
Net asset value	49,022	55,586	38,897	44,105

As at 31 December 2008, the audited consolidated net asset value of IBC amounted to approximately RMB49,022 million (equivalent to approximately HK\$55,586 million). The Group held a 1.30% and 1.68% interest of IBC at the financial year end of 2008 and 2007 respectively. The audited net asset value attributable to the IBC A Shares held by the Group was approximately RMB637 million (equivalent to approximately HK\$722 million) as at 31 December 2008. Dividend income received by the Group from IBC amounted to approximately US\$3.81 million (equivalent to approximately HK\$29.53 million) in 2008 and US\$2.87 million (equivalent to approximately HK\$22.24 million) in 2007. The change in fair value on IBC attributable to the Group amounted to loss of approximately US\$317.85 million (equivalent to approximately HK\$2,463.37 million) in 2008 and gain of approximately US\$494.16 million (equivalent to approximately HK\$3,829.79 million) in 2007 respectively.

Based on the carrying amount of the IBC Interests as at 31 December 2008 which was US\$102.32 million (equivalent to approximately HK\$792.99 million) and the minimum price of RMB12.00 (equivalent to approximately HK\$13.61), the expected realized accounting loss on the disposal of the IBC Interests is US\$18.02 million (equivalent to approximately HK\$139.66 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 IBC Disposal.

The highest and lowest closing price of IBC A Shares as quoted on the SSE in the 12 months immediately before the date of this announcement was RMB42.97 and RMB13.48 (equivalent to approximately HK\$48.72 and HK\$15.28) respectively.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSALS

As stated in the 2009 interim report of the Group, the Group continuously makes every effort to identify new potential investment projects, with an emphasis on investment opportunities in sectors of financial services, culture and media, consumer goods, pharmaceuticals, energy and environmental protection. The Company also carefully evaluates the right timing for realizing its assets with a view to maximize 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 future investment opportunities should they arise. The Company is carefully considering certain investment opportunities as at the date of this announcement, but no definitive investment plan has yet been drawn up.

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 CMB Disposal Mandate and the IBC Disposal Mandate will give flexibility to the Directors to dispose of the CMB Interests and the IBC Interests at the appropriate times and prices in order to maximize returns to the Group.

The Directors (including independent non-executive Directors) are of the view that the CMB Disposal Mandate and the IBC 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 CMB and IBC, prevailing market sentiments and conditions, and the financial needs of the Group.

IMPLICATIONS OF THE LISTING RULES

If the Group proceeds with the Proposed CMB Disposal and the Proposed IBC Disposal, the aggregate of all the shares to be disposed of under the CMB Disposal Mandate and/or the IBC Disposal Mandate may constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules. The Proposed CMB Disposal and the Proposed IBC 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 CMB Interests and/or the IBC Interests, the Group will strictly follow the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A circular, containing further details of, and other disclosures in connection with, the Proposed Disposals required under the Listing Rules, including the financial information of the CMB Interests and the IBC Interests required under Rule 14.68(2)(b) of the Listing Rules, together with the notice of the EGM for approving the Proposed Disposals and the Proposed Subscription, will be dispatched 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 and the Proposed Subscription such that it must abstain from voting, and, accordingly, all Shareholders are permitted to vote at the EGM.

INFORMATION ABOUT THE COMPANY

The Company is an investment company, 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.

GENERAL

Whether the Company decides to proceed with the Proposed Disposals (or not to proceed) 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 save for the disposal of CMB A Shares within the time frame as required under the Conditions, 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 CMB Disposal and the Proposed IBC Disposal are independent of each other and not inter-conditional.

DEFINITIONS

“2008 Disposal Mandates”	the disposal mandates granted to the Directors by the Shareholders at the extraordinary general meeting of the Company held on 15 December 2008 to dispose of up to 120,623,078 CMB A Shares and 79,800,000 IBC A Shares held by the Group for a period of 12 months from the passing of the relevant resolutions, the details of which were set out in the announcement of the Company dated 11 November 2008 and the circular of the Company dated 29 November 2008
“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”	PRC-listed domestic shares of par value of RMB1.00 each in the registered capital of CMB
“CMB A Rights Issue”	the revised proposed rights issue of CMB A Shares on the basis of up to two and a half (2.5) CMB A Rights Shares for every ten (10) existing CMB A Shares, the details of which have been set out in the circular issued by CMB on 2 September 2009
“CMB A Rights Shares”	the new CMB A Shares proposed to be allotted and issued pursuant to the CMB A Rights Issue
“CMB Disposal Mandate”	the disposal mandate proposed to be granted by the Shareholders to the Directors to dispose of the CMB Interests during the Mandate Period
“CMB Interests”	the 115,770,002 CMB A Shares held by the Company as at the date of this announcement and the 25,724,010 CMB A Rights Shares estimated to be allotted and issued to the Company pursuant to the CMB A Rights Issue which are freely tradable on the SSE, representing the entire interest held by the Group in CMB

“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
“Conditions”	the conditions on which the Waiver was granted by the Stock Exchange, the details of which were set out in the Subscription Announcement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting proposed to be convened by the Company to consider and, if thought fit, to approve the grant of mandates for the Proposed Disposals and the Proposed Subscription
“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
“IBC”	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
“IBC A Shares”	PRC-listed domestic shares of par value of RMB1.00 each in the registered capital of IBC
“IBC Disposal Mandate”	the disposal mandate proposed to be granted by the Shareholders to the Directors to dispose of the IBC Interests during the Mandate Period
“IBC Interests”	the 47,900,000 IBC A Shares held by the Company as at the date of this announcement which are freely tradable on the SSE, representing the entire interest held by the Group in IBC
“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
“Proposed CMB Disposal”	the proposed disposal of the CMB Interests by the Group pursuant to the CMB Disposal Mandate
“Proposed Disposals”	the Proposed CMB Disposal and the Proposed IBC Disposal
“Proposed IBC Disposal”	the proposed disposal of the IBC Interests by the Group pursuant to the IBC Disposal Mandate
“Proposed Subscription”	the proposed subscription for CMB A Rights Shares by the Company pursuant to the CMB A Rights Issue
“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
“Subscription Announcement”	the announcement of the Company dated 21 October 2009 in relation to the Proposed Subscription
“Waiver”	the waiver from strict compliance with Rule 21.04(3)(b) of the Listing Rules granted by the Stock Exchange on 16 October 2009, the details of which were set out in the Subscription Announcement
“US\$”	United States dollars, the lawful currency of United States of America
“%”	per cent

For illustrative purposes in this announcement only, RMB1 = HK\$1.1339, US\$1 = HK\$7.7501 and US\$1 = RMB6.8346

By Order of the Board
ZHOU Linda Lei
Director

Hong Kong, 9 November 2009

As at the date hereof, the Board of Directors 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.