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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)

## ANNOUNCEMENT OF 2010 INTERIM RESULTS

### FINANCIAL RESULTS

The Board of Directors of China Merchants China Direct Investments Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2010 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Six months ended 30 June</b>	
		<b>2010</b>	<b>2009</b>
	<i>NOTES</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
		<i>US\$</i>	<i>US\$</i>
Change in fair value of financial assets at fair value through profit or loss		<b>(123,777,685)</b>	346,240,362
Investment Income	3	<b>12,281,011</b>	6,289,189
Other income		<b>167,267</b>	142,015
Administrative expenses		<b>(14,967,866)</b>	(36,338,102)
Share of results of associates		<b>3,114,507</b>	(361,270)
(Loss) profit before taxation	5	<b>(123,182,766)</b>	315,972,194
Taxation	6	<b>38,796,440</b>	(89,541,659)
(Loss) profit for the period		<b>(84,386,326)</b>	226,430,535
Other comprehensive income (loss)			
Exchange difference arising on translation		<b>2,898,809</b>	(11,486,618)
Share of change in translation reserve of associates		<b>96,924</b>	6,258
Change in fair value of available-for-sale financial assets		<b>22,734</b>	(3,022)
Other comprehensive income (loss) for the period		<b>3,018,467</b>	(11,483,382)
Total comprehensive (loss) income for the period		<b>(81,367,859)</b>	214,947,153
(Loss) profit for the period attributable to owners of the Company		<b>(84,386,326)</b>	226,430,535
Total comprehensive (loss) income attributable to owners of the Company		<b>(81,367,859)</b>	214,947,153
Basic (loss) earnings per share	7	<b>(0.566)</b>	1.518

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>30 June 2010 (unaudited) US\$</b>	31 December 2009 (audited) US\$
<i>NOTES</i>		
Non-current assets		
Interests in associates	<b>20,863,641</b>	17,651,708
Financial assets at fair value through profit or loss	<b>212,037,119</b>	117,078,997
Available-for-sale financial assets	<b>721,072</b>	698,338
	<b>233,621,832</b>	135,429,043
Current assets		
Financial assets at fair value through profit or loss	<b>407,838,906</b>	569,097,615
Other receivables	<b>19,043,124</b>	481,056
Bank balances and cash	<b>41,918,233</b>	129,600,520
	<b>468,800,263</b>	699,179,191
Current liabilities		
Other payables	<b>79,542,395</b>	71,724,364
Dividend payable	<b>14,914,560</b>	-
Taxation payable	<b>8,627,923</b>	20,344,661
	<b>103,084,878</b>	92,069,025
Net current assets	<b>365,715,385</b>	607,110,166
Total assets less current liabilities	<b>599,337,217</b>	742,539,209
Non-current liabilities		
Financial liabilities at fair value through profit or loss	<b>608,112</b>	421,986
Deferred taxation	<b>96,941,192</b>	144,046,891
	<b>97,549,304</b>	144,468,877
<b>Net assets</b>	<b>501,787,913</b>	598,070,332
<b>Capital and reserves</b>		
Share capital	<b>14,914,560</b>	14,914,560
Share premium and reserves	<b>188,623,517</b>	185,605,050
Retained profits	<b>298,249,836</b>	397,550,722
<b>Equity attributable to owners of the Company</b>	<b>501,787,913</b>	598,070,332
<b>Net asset value per share</b>	<b>3.364</b>	4.010

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED 30 JUNE 2010

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with Hong Kong Accounting Standard 34 (HKAS 34) *Interim Financial Reporting*.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised Standards, Amendments and Interpretations (“**new and revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and separate financial statements
HKAS 39 (Amendment)	Eligible hedged items
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions
HKFRS 3 (Revised)	Business combinations
HK(IFRIC) – INT 17	Distribution of non-cash assets to owners

The Group applies HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods. Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 <sup>1</sup>
HKAS 24 (Revised)	Related party disclosures <sup>4</sup>
HKAS 32 (Amendment)	Classification of right issues <sup>2</sup>
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters <sup>3</sup>
HKFRS 9	Financial instruments (relating to the classification and measurement of financial assets) <sup>5</sup>
HK(IFRIC) - INT 14 (Amendment)	Prepayments of a minimum funding requirement <sup>4</sup>
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments <sup>3</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*

<sup>2</sup> *Effective for annual periods beginning on or after 1 February 2010.*

<sup>3</sup> *Effective for annual periods beginning on or after 1 July 2010.*

<sup>4</sup> *Effective for annual periods beginning on or after 1 January 2011.*

<sup>5</sup> *Effective for annual periods beginning on or after 1 January 2013.*

The Group anticipates that the application of these new and revised HKFRSs will have no material impact on the condensed consolidated financial statements of the Group.

### 3. INVESTMENT INCOME

Investment income represents the income received and receivable on investments during the period as follows:

	<b>Six months ended 30 June</b>	
	<b>2010</b> <i>(unaudited)</i> <b>US\$</b>	<b>2009</b> <i>(unaudited)</i> <b>US\$</b>
Interest income	<b>449,728</b>	941,073
Dividend income	<b>11,831,283</b>	5,348,116
Total	<b>12,281,011</b>	6,289,189

#### 4. SEGMENTAL INFORMATION

The Group's operating segments, based on information reported to the executive management for the purposes of resources allocation and performance assessment, are as follows:

- (a) Financial services: investees engaged in financial services activities.
- (b) Culture and media: investees engaged in culture and media activities.
- (c) Manufacturing: investees engaged in manufacturing of products activities.
- (d) Others: investees engaged in investments related to real estate, and other types of business activities.

Information regarding the above segments is reported below.

The following is an analysis of the Group's operating segments for the period under review.

##### For the six months ended 30 June 2010

	Financial services	Culture and media	Manufacturing	Others	Total
	US\$	US\$	US\$	US\$	US\$
Change in investment value	(132,367,904)	8,947,425	3,114,507	(357,206)	(120,663,178)
Dividend income	9,429,150	2,401,091	-	1,042	11,831,283
Segment (loss) profit	(122,938,754)	11,348,516	3,114,507	(356,164)	(108,831,895)
Interest income from available-for-sale financial assets	-	-	-	20,300	20,300
Other income	11,689	155,578	-	-	167,267
	<b>(122,927,065)</b>	<b>11,504,094</b>	<b>3,114,507</b>	<b>(335,864)</b>	<b>(108,644,328)</b>
<b>Unallocated:</b>					
- Administrative expenses					(14,967,866)
- Interest income					429,428
Loss before taxation					<b>(123,182,766)</b>

**For the six months ended 30 June 2009**

	Financial services	Culture and media	Manufacturing	Others	Total
	US\$	US\$	US\$	US\$	US\$
Change in investment value	346,242,462	(2,100)	(262,281)	(98,989)	345,879,092
Dividend income	5,348,116	-	-	-	5,348,116
Segment profit (loss)	351,590,578	(2,100)	(262,281)	(98,989)	351,227,208
Interest income from available-for-sale financial assets	-	-	-	1,117	1,117
Other income	25,373	116,642	-	-	142,015
	<u>351,615,951</u>	<u>114,542</u>	<u>(262,281)</u>	<u>(97,872)</u>	<u>351,370,340</u>
<b>Unallocated:</b>					
- Administrative expenses					(36,338,102)
- Interest income					939,956
Profit before taxation					<u>315,972,194</u>

Segment profit (loss) represents the change in value of investments (including change in fair value of financial assets at fair value through profit or loss and share of results of associates) and the corresponding dividend income earned by each segment without allocation of central administrative expenses, fees to the Investment Manager, interest income and other income. This is the measure reported to the executive management for the purposes of resources allocation and performance assessment. No separate segment revenue (i.e. investment income) is disclosed as it had been included in the segment profit (loss).

The following is an analysis of the Group's assets and liabilities by operating segments:

	<b>30 June 2010 (unaudited) US\$</b>	31 December 2009 (audited) US\$
<b>Segment assets</b>		
Financial services	<b>523,618,492</b>	611,938,414
Culture and media	<b>91,420,108</b>	71,999,119
Manufacturing	<b>22,465,635</b>	16,316,391
Others	<b>3,956,503</b>	4,272,734
Total segment assets	<b>641,460,738</b>	704,526,658
Unallocated	<b>60,961,357</b>	130,081,576
Consolidated assets	<b>702,422,095</b>	834,608,234
<b>Segment liabilities</b>		
Financial services	<b>3,631</b>	-
Culture and media	<b>509,515</b>	378,116
Manufacturing	<b>58,026</b>	-
Others	<b>36,940</b>	43,870
Total segment liabilities	<b>608,112</b>	421,986
Unallocated	<b>200,026,070</b>	236,115,916
Consolidated liabilities	<b>200,634,182</b>	236,537,902

For the purpose of monitoring segment performance and allocating resources between segments:

All assets are allocated to operating segments other than other receivables, bank balances and cash, and all liabilities are allocated to operating segments other than other payables, dividend payable, current and deferred tax liabilities.

During the period, the Group was principally involved in investing in companies with significant business involvement in the PRC.

## 5. (LOSS) PROFIT BEFORE TAXATION

Six months ended 30 June	
2010	2009
(unaudited)	(unaudited)
US\$	US\$

(Loss) profit before taxation has been arrived at after charging:

Investment Manager's management fee	6,314,758	5,757,182
Investment Manager's performance fee	-	30,095,868
Net foreign exchange loss	37,062	28,507
Share of tax of associates (included in share of results of associates)	387,576	-

## 6. TAXATION

Six months ended 30 June	
2010	2009
(unaudited)	(unaudited)
US\$	US\$

The tax (charge) credit for the period comprises:

Current tax:		
PRC - Enterprise Income Tax	(8,888,697)	(23,843,453)
Deferred taxation	47,685,137	(65,698,206)
Total	38,796,440	(89,541,659)

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries had no assessable profits for both periods. PRC Enterprise Income Tax in the PRC is calculated at the rates prevailing in the relevant regions.

The PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC on 16 March 2007. The State Council of the PRC issued Implementation Regulations of the New Law and the Notification of the State Council on Carrying out the Transitional Preferential Policies concerning Enterprise Income Tax (Guo Fa [2007] No. 39) on 6 December 2007 and 26 December 2007 respectively. Accordingly, the applicable Enterprise Income Tax rate for a PRC subsidiary of the Company in 2010 is 22% (2009: 20%) and such tax rate will be gradually increased to 25% in 2012. Other PRC incorporated entities which incorporated after 15 March 2007, are subject to 25% tax rate for Enterprise Income Tax with effect from 1 January 2008. The applicable tax rate for the Company is 10%.



## 7. BASIC (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
(Loss) earnings for the purpose of basic (loss) earnings per share (US\$)	<b><u>(84,386,326)</u></b>	<b><u>226,430,535</u></b>
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<b><u>149,145,600</u></b>	<b><u>149,145,600</u></b>
Basic (loss) earnings per share (US\$)	<b><u>(0.566)</u></b>	<b><u>1.518</u></b>

There is no diluted (loss) earnings per share as there has no additional potential shares outstanding.

## 8. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the following data:

	<b>30 June</b>	<b>31 December</b>
	<b>2010</b>	<b>2009</b>
	<b>(unaudited)</b>	<b>(audited)</b>
Net asset value (US\$)	<b><u>501,787,913</u></b>	<b><u>598,070,332</u></b>
Number of ordinary shares in issue	<b><u>149,145,600</u></b>	<b><u>149,145,600</u></b>
Net asset value per share (US\$)	<b><u>3.364</u></b>	<b><u>4.010</u></b>

## 9. MOVEMENT IN RESERVES

	<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2009</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>US\$</b>	<b>US\$</b>
At 1 January	<b>583,155,772</b>	319,492,654
Exchange difference on translation	<b>2,995,733</b>	(11,480,360)
Change in fair value of available-for-sale financial assets	<b>22,734</b>	(3,022)
(Loss) profit for the period	<b>(84,386,326)</b>	226,430,535
2009 final and special dividends declared	<b>(14,914,560)</b>	-
At 30 June	<b><u>486,873,353</u></b>	<b><u>534,439,807</u></b>

## REVIEW AND PROSPECTS

### *Overall Performance*

The Group recorded a loss attributable to equity shareholders of US\$84.39 million for the six months ended 30 June 2010, compared to a profit attributable to equity shareholders of US\$226.43 million for the same period last year. The loss was mainly attributable to a significant decrease in the fair value of financial assets designated at fair value through profit or loss (the “**Financial Assets**”). As of 30 June 2010, the net assets of the Group were US\$501.79 million (31 December 2009: US\$598.07 million), with a net asset value per share of US\$3.364 (31 December 2009: US\$4.010).

For the period, the decrease in fair value of the Financial Assets was US\$123.78 million (2009: an increase in fair value of US\$346.24 million) and was concentrated in two of the Group’s investments, namely China Merchants Bank Co., Ltd. (“**CMB**”) and Industrial Bank Co., Ltd. (“**IBC**”), for which the values decreased by US\$52.41 million and US\$108.85 million, respectively, compared to the end of the previous year.

Total investment income for the period increased by 95% from the same period last year to US\$12.28 million (2009: US\$6.29 million), due primarily to a significant increase in dividend income.

### *Material Acquisitions and Disposals of Investments*

After a thorough exploration of new investment opportunities, the Group made capital investments in the financial services, culture and media, and manufacturing sectors during the period:

On 8 February 2010, the Group made an additional capital investment of US\$4.39 million in Inbank Media (China) Co., Ltd. (“**Inbank Media**”) and, at the same time, converted the convertible bonds already held by the Group into equity, thereby increasing the Group’s interest in Inbank Media from 9.09% to 14.51%.

On 8 March 2010, the Group subscribed to 14.40 million A shares of CMB at RMB8.85 per share for a total consideration of US\$18.67 million, as entitled under the CMB A Rights Issue and as approved by shareholders of the Company on 14 December 2009.

On 23 March 2010, the Group subscribed to a new equity issuance by China Credit Trust Co., Ltd. (“**CCT**”) on a pro rata basis for a total consideration of US\$35.18 million, in order to maintain the Group’s original percentage interest in CCT.

On 29 April 2010, the Group entered into an agreement with China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership) (“**China Media Investment**”) to make a capital investment of US\$29.45 million by installments, collectively representing a 10% interest in the initial capitalisation of China Media Investment. The first installment of US\$5.86 million was made on 1 June 2010. Pursuant to a series of agreements, on 30 April 2010, a capital investment of US\$0.68 million was made in China Media (Tianjin) Investment Management Co., Ltd. (“**China Media Management**”) for a 7.70% enlarged equity interest in China Media Management.

On 12 May 2010, the Group made a capital investment of US\$2.93 million in Shenzhen Geesun Automation Technology Co., Ltd. ("**Geesun Technology**") for a 15.38% enlarged equity interest in Geesun Technology, pursuant to an agreement dated 30 April 2010.

On 26 May 2010, the Group subscribed to 8.28 million A shares of IBC at RMB18 per share for a total consideration of US\$21.83 million, as entitled under the IBC A Rights Issue and as approved by shareholders of the Company on 5 May 2010.

In addition, the Group disposed of interests in certain investment projects during the period:

The Company convened an extraordinary general meeting on 14 December 2009 and received authorisation to dispose of its entire holding of A shares of both CMB and IBC within a year, and at prices of not less than RMB5 per share and RMB12 per share, respectively. During the period, the Group did not dispose of any shares in CMB, but did dispose of 5.60 million A shares of IBC for a net proceeds of US\$22.38 million.

The Group also disposed of its entire 0.45% interest (representing 8.736 million shares) in Industrial Securities Co., Ltd. ("**Industrial Securities**") for a consideration of US\$12.86 million (equivalent to RMB87.36 million) through a sale to an independent third party. The relevant equity exchange contract was entered into on 15 June 2010, and the consideration was received on 8 July 2010. The Group had acquired its equity interest in Industrial Securities through an investment of RMB8.51 million in 1999. The consideration received for the disposal is equivalent to approximately 10.3 times the original capital contribution, and approximately 3.8 times the audited net asset value of Industrial Securities for the financial year of 2009. The pre-tax internal rate of return of the Group's investment in Industrial Securities amounts to approximately 27%.

#### ***Liquidity, Financial Resources, Gearing and Capital Commitments***

The Group's cash on hand decreased by 68%, from US\$129.60 million at the end of last year to US\$41.92 million as of 30 June 2010, due primarily to capital investments made during the period.

As of 30 June 2010, the Group had no outstanding bank loans (31 December 2009: Nil).

As of 30 June 2010, the Group had a capital commitment of US\$23.56 million (31 December 2009: US\$35.17 million) for an investment that was approved, but not yet provided for in the financial statements, and for future scheduled installments related to the investment in China Media Investment.

#### ***Exposure to Fluctuations in Exchange Rates and Related Hedges***

Most of the Group's investments are located in China where the official currency is the Renminbi ("**RMB**"). The conversion rate of RMB against U.S. dollar recorded a slight increase of 0.55% in the first half of 2010, which had a positive impact on the Group since it holds a considerable amount of assets denominated in RMB.

## ***Employees***

Other than a qualified accountant whose remuneration is borne by the Investment Manager, the Group has no employees. The Investment Manager handles the portfolio and day-to-day administration of the Group.

## ***The Portfolio***

As of 30 June 2010, the Group's total investments amounted to US\$641.46 million, which comprised US\$640.74 million in direct investments and US\$0.72 million in bonds. The sector distribution of direct investments was US\$523.62 million in financial services (representing 74.55% of the Group's total assets), US\$91.42 million in culture and media (13.02%), US\$22.46 million in manufacturing (3.20%), and US\$3.24 million in other ventures (including real estate, energy and resources, etc.) (0.45%). In addition, cash on hand was US\$41.92 million, representing 5.97% of the Group's total assets as of 30 June 2010.

## ***Prospects***

For the first half of 2010, China's gross domestic product (GDP) saw year-on-year growth of 11.1%, and the recovery experienced in the second half of 2009 has continued for the Chinese economy as a whole. With a gradual reduction in economic stimulus, as well as the tightening policies (especially in the real estate market) set forth during the first half of 2010 by the Central Government, slower growth can be expected for the second half of 2010 in investment spending, consumer spending and exports, with moderate inflationary pressure. The Central Government will continue to focus on measures to contain inflation and to curb excess liquidity in the second half of the year, but no additional tightening policies are expected to be introduced in the second half of 2010. However, tighter credit, surging production costs and weaker export growth may cause corporate profitability to decline, which in turn could adversely affect the returns of the Group's projects. Nevertheless, the Group would be able to secure more direct investment opportunities as a result of tightening corporate funds due to the credit crunch.

The Group will continue to make every effort to identify promising new investment projects, while maintaining an emphasis on investment opportunities in consumer goods (with particular focus on consumption projects in second- and third-tier cities), financial services, culture and media, pharmaceuticals, and energy and environmental protection. When appropriate, the Group will also seek to turn over investments in its portfolio in order to create greater shareholder value.

## INTERIM DIVIDEND

A dividend payment of US\$14,914,560, comprising a final dividend of US\$0.04 per share and a special dividend of US\$0.06 per share, totalling US\$0.10 per share, for the year ended 31 December 2009 was approved by the shareholders on 19 May 2010.

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2010 (2009: Nil).

## PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

## CORPORATE GOVERNANCE

The interim financial report is unaudited, but has been reviewed by Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, whose independent review report is included in the interim report to be sent to shareholders. The interim financial report has also been reviewed by the Company's Audit Committee.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the reporting period except as stated below:

According to the Investment Management Agreement, the portfolio and day-to-day administration of the Company are handled by the Investment Manager. Except the qualified accountant whose remuneration packages are borne by the Investment Manager, the Company has no salaried employees. Thus, no remuneration committee has been established by the Company.

Besides, owing to a business trip, the Chairman, Mr. LI Yinquan, has given an apology for not being able to host the annual general meeting of the Company which was held on 19 May 2010.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the reporting period, they have complied with the required standard set out in the Model Code regarding Directors' securities transactions.

By Order of the Board  
**LI Yinquan**  
Chairman

Hong Kong, 30 August 2010

*As at the date hereof, the Board of Directors of the Company comprises ten 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; one is Non-executive Director, namely Mr. KE Shifeng; and four are Independent Non-executive Directors, namely Mr. KUT Ying Hay, Mr. WANG Jincheng, Mr. LI Kai Cheong, Samson and Mr. LIU Baojie. In addition, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.*