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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)**

**VOLUNTARY DISCLOSURE  
CAPITAL INJECTION INTO HWAGAIN**

China Merchants China Direct Investments Limited (the “**Company**”) announces that on 14 June 2011, Shenzhen Tian Zheng Investment Co., Ltd. (“**Tian Zheng**”), a wholly-owned subsidiary of the Company, entered into a capital increase agreement (the “**Agreement**”) in relation to 廣西華勁集團股份有限公司 (Guangxi Hwagain Group Co., Ltd.\*, “**Hwagain**”), pursuant to which Tian Zheng shall make a cash injection of RMB92,899,950 into the capital of Hwagain. Upon completion of the capital injection contemplated under the Agreement, Tian Zheng will hold approximately 5.50% equity interests in the enlarged capital of Hwagain. 廣西華勁人投資有限責任公司 (Guangxi Hua Jin Ren Investment Co., Ltd.\*) will remain the single largest shareholder of Hwagain.

Hwagain is a production company principally engaged in the R&D and the production of high quality printing paper and tissue paper, and is a “Forest-Pulp-Paper Integration” enterprise of a relatively large scale in China using mixed bamboo and wood pulp in the production of printing paper and tissue paper. Through various initiatives, including the creation of its own woodland, the use of mixed bamboo and wood pulp, and the introduction of the latest environmentally friendly facilities for sewage treatment from Germany, etc., Hwagain contributed to the conservation of forest resources, the achievement of circular economy and the reduction in cost of high quality paper for consumer use, etc.

With the continued development of China’s economy, the ever-growing demand for paper (in particular, tissue paper) of the people is expected to provide favourable market prospects for paper production enterprises (in particular, tissue paper production enterprises), including Hwagain. The Company is of the view that Hwagain will continue to benefit from the stable and reliable quality of its products, the advantage in production cost and security of supply chain brought about by its “Forest-Pulp-Paper Integration” mode of operation, its good relationship with its clients and suppliers and other advantages.

The capital injection into Hwagain is the first investment of the Company into the fast moving consumer goods sector. The Company believes that the investment in Hwagain will further optimise the Company's investment portfolio and lay the foundation for future investments in the fast moving consumer goods industry.

For and on behalf of  
CHINA MERCHANTS CHINA DIRECT  
INVESTMENTS LIMITED  
**ZHOU Linda Lei**  
*Director*

Hong Kong, 14 June 2011

*As at the date hereof, the Executive Directors of the Company are Mr. LI Yinquan, Mr. HONG Xiaoyuan, Mr. CHU Lap Lik, Victor; Ms. ZHOU Linda Lei and Mr. TSE Yue Kit; the Non-executive Director is Mr. KE Shifeng; and the Independent Non-executive Directors are 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.*

*\*For identification purposes only*