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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in China Merchants China Direct Investments Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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)

**PROPOSALS RELATING TO
GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of China Merchants China Direct Investments Limited to be held at Lavender Room, 27th Floor, The Park Lane Hong Kong, 310 Gloucester Road, Hong Kong on Monday, 18 May 2009 at 3:00 p.m., at which the above proposals will be considered, is set out on pages 12 to 16 of this circular. Whether or not you are able to attend the meeting, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting. Completion and return of the form of proxy shall not preclude you from attending and voting at the annual general meeting if you so wish.

This circular is required to be sent to Shareholders under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and also constitute the memorandum required under section 49BA of the Companies Ordinance, Hong Kong.

15 April 2009

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held on Monday, 18 May 2009 at 3:00 p.m. at Lavender Room, 27th Floor, The Park Lane Hong Kong, 310 Gloucester Road, Hong Kong
“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“Board”	board of Directors
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	China Merchants China Direct Investments Limited, a company duly incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange.
“Director(s)”	director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“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
“Latest Practicable Date”	8 April 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholders”	holders of Shares
“Shares”	share(s) of US\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LI Yinquan (*Chairman*)
Mr. HONG Xiaoyuan
Mr. CHU Lap Lik, Victor
Ms. ZHOU Linda Lei
Mr. TSE Yue Kit
Ms. KAN Ka Yee, Elizabeth
(Alternate to Mr. CHU Lap Lik, Victor)

Registered Office:

1803, China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Hong Kong

Independent Non-executive Directors:

Mr. KUT Ying Hay
Mr. WANG Jincheng
Mr. LI Kai Cheong, Samson

15 April 2009

To the Shareholders

Dear Sir or Madam,

**PROPOSALS RELATING TO
GENERAL MANDATES TO ISSUE NEW SHARES AND
TO REPURCHASE SHARES,
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND
RE-ELECTION OF RETIRING DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the annual general meeting of the Company held on 26 May 2008 general mandates were given to the Directors to exercise the powers of the Company to issue new Shares and to repurchase Shares. Such mandates will lapse at the conclusion of the Annual General Meeting. Besides, certain

LETTER FROM THE BOARD

provisions of the Articles of Association shall be amended. Ordinary resolutions and a special resolution will therefore be proposed at the Annual General Meeting to renew the general mandates to issue new Shares and to repurchase Shares, to amend the existing Articles of Association and to re-elect the retiring Directors.

GENERAL MANDATES TO ISSUE NEW SHARES AND TO REPURCHASE SHARES

The Directors propose that they be granted at the Annual General Meeting:

- (i) a general and unconditional mandate to exercise the power of the Company to allot, issue and otherwise deal with additional Shares up to a maximum of 20 per cent. of the issued share capital of the Company as at the date of the resolution (i.e. not exceeding 29,829,120 Shares based on the issued share capital of the Company of 149,145,600 Shares as at the Latest Practicable Date and assuming that such issued share capital remains the same at the date of passing the resolution);
- (ii) a general and unconditional mandate to exercise all the powers of the Company to repurchase Shares up to a maximum of 10 per cent. of the issued share capital of the Company as at the date of the resolution subject to the criteria set out in this circular (the “Repurchase Mandate”); and
- (iii) an extension of the general and unconditional mandate to be granted to the Directors under paragraph (i) above by the aggregate nominal amount of Shares repurchased by the Company pursuant to the Repurchase Mandate.

The authority conferred on the Directors by the general mandates above will continue in force until the conclusion of the next annual general meeting of the Company or any earlier date as referred to in paragraph (d) of resolution 4.A. and paragraph (c) of resolution 4.B. set out in the notice of the Annual General Meeting.

EXERCISE OF THE REPURCHASE MANDATE

Whilst the Directors do not presently intend to repurchase any Shares they believe that the flexibility afforded by the mandate granted to them if the Ordinary Resolution set out as item 4.B. of the notice of the Annual General Meeting is passed would be beneficial to the Company.

The Shares proposed to be repurchased by the Company must be fully paid up. It is proposed that up to 10 per cent. of the Shares in issue at the date of the passing of the resolution may be repurchased. As at the Latest Practicable Date, 149,145,600 Shares were in issue. On the basis of such figures the Directors would be authorised to repurchase up to 14,914,560 Shares during the period up to the next annual general meeting in 2010 or the expiration of the period within which the next annual general meeting of the Company is required by law to be held or the revocation or variation of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

LETTER FROM THE BOARD

REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and its Shareholders. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and its net assets and/or its earnings per Share.

FUNDING OF REPURCHASES

Repurchases pursuant to the Repurchase Mandate would be financed entirely from the Company's available cash flow or working capital facilities. Any repurchases will be made out of funds of the Company legally permitted to be utilised in this connection in accordance with its memorandum and Articles of Association and the laws of Hong Kong, including profits otherwise available for distribution. Under the Companies Ordinance, a company's profits available for distribution are its accumulated realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated realised loss, so far as not previously written off in a reduction or reorganisation of capital duly made.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31 December 2008) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

DISCLOSURE OF INTERESTS

None of the Directors, and to the best of their knowledge, having made all reasonable enquiries, none of their associates (as defined in the Listing Rules), have any present intention, if the Repurchase Mandate is granted, to sell any Shares to the Company or its subsidiaries.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, if the Repurchase Mandate is granted.

DIRECTOR'S UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

SHARES REPURCHASES MADE BY THE COMPANY

No repurchase of Shares has been made by the Company during the six months (whether on the Stock Exchange or otherwise) prior to the date of this circular.

LETTER FROM THE BOARD

TAKEOVERS CODE CONSEQUENCES

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interests, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, China Merchants Group Limited ("CMG") and its subsidiaries held 35,859,760 Shares representing approximately 24.04% of the issued share capital of the Company. If the Directors exercise in full the Repurchase Mandate, the interest of CMG and its subsidiaries in the Company will increase to approximately 26.71%. The Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

MARKET PRICES

The highest and lowest prices at which Shares have been traded on the Stock Exchange during each of the previous twelve months before the printing of this document were:

	Traded Market Price	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2008		
April	34.50	28.00
May	35.45	28.00
June	29.55	22.80
July	24.50	21.80
August	22.15	17.10
September	20.00	12.26
October	14.00	4.98
November	7.75	5.81
December	9.97	6.93
2009		
January	9.61	7.40
February	9.39	7.83
March	9.50	7.83
April (up to the Latest Practicable Date)	11.00	9.13

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In addition, your attention is drawn to special resolution no.5 set out in the notice of Annual General Meeting. Such special resolution proposes to approve certain amendments to the Articles of Association.

LETTER FROM THE BOARD

In order to ensure compliance with amendments to the Listing Rules, and bring the Articles of Association up to date and in line with the current practice in Hong Kong, it is also proposed at the Annual General Meeting to amend the Articles of Association by special resolution as set out in the notice convening the Annual General Meeting. In general, the proposed amendments include the followings:

- | | |
|-----------------|---|
| (a) Article 76 | To stipulate that the Directors present at the meeting are entitled to elect one of their number present to be chairman of general meeting. |
| (b) Article 96A | To allow recognised clearing house to appoint proxy or proxies to attend and vote at the general meeting. |

RE-ELECTION OF RETIRING DIRECTORS

As at the Latest Practicable Date, 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; and the Independent Non-executive Directors of the Company are Mr. KUT Ying Hay, Mr. WANG Jincheng and Mr. LI Kai Cheong, Samson. Besides, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.

Pursuant to Article 105 of the Articles of Association, Mr. TSE Yue Kit, Mr. KUT Ying Hay and Mr. WANG Jincheng shall retire from office by rotation at the Annual General Meeting and shall be eligible for re-election. Pursuant to Article 101 of the Articles of Association, Mr. LI Yinquan and Mr. LI Kai Cheong, Samson shall hold office until the Annual General Meeting and shall be eligible for re-election. Details of the Directors proposed to be re-elected at the Annual General Meeting are set out in the Appendix to this circular.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting is set out on pages 12 to 16 of this circular. Shareholders are advised to read the notice and to complete and return the accompanying form of proxy for use at the Annual General Meeting in accordance with the instructions printed thereon.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the Annual General Meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Directors believe that the general mandates for Directors to issue new Shares and to repurchase Shares, the proposed amendments to the Articles of Association and the proposed re-election of retiring Directors are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the resolutions to be proposed at the Annual General Meeting.

By Order of the Board
Mr. LI Yinquan
Chairman

1. **Mr. LI Yinquan**, Chairman, aged 54, was appointed as an Executive Director of the Company on 4 July 2008. He is concurrently the Vice President and Chief Financial Officer of China Merchants Group Limited, which is a substantial Shareholder. He is also a Director of China Merchants Steam Navigation Company Limited, China Merchants Holdings (International) Company Limited (its shares are listed on the Stock Exchange), China Merchants Bank Co., Ltd. (its shares are listed on both the Shanghai Stock Exchange and the Stock Exchange) and China Merchants Energy Shipping Co., Ltd. (its shares are listed on the Shanghai Stock Exchange). Mr. LI joined China Merchants Group Limited in January 2000 and has served respectively as the General Manager of Finance Department, Deputy Chief Financial Officer and Chief Financial Officer and has held the present post since March 2004. Mr. LI previously worked with the Agricultural Bank of China for 14 years, where he held senior posts in various divisions and was the Deputy General Manger of Hong Kong Branch just before leaving for China Merchants Group Limited. Mr. LI obtained a master degree in Economics from the Graduate School of the People's Bank of China in 1986 and a master degree in Banking & Finance from the Finafrica Institute in Milan, Italy in 1988. He is also a qualified senior economist in China. Mr. LI was once honoured as "China CFO of the Year for 2005" and "China Best CIO for the Year 2006". Save as disclosed above, Mr. LI did not hold any directorship in other listed public companies in the last three years and did not hold any position with the Company and other members of the Company's group.

There is no service contract between the Company and Mr. LI. He has no fixed term of service with the Company and will be subject to retirement and re-election at the Annual General Meeting pursuant to Article 101 of the Articles of Association. Thereafter, he will be subject to rotational retirement and re-election requirements at annual general meeting of the Company pursuant to Article 105 of the Articles of Association. There is no agreement on the amount of the remuneration payable to Mr. LI. At the annual general meeting of the Company held on 26 May 2008, it was approved that the Directors' fee for the year ended 31 December 2008 be determined by the Board. The Board resolved that the Directors' fee payable to Mr. LI for the year ended 31 December 2008 be fixed at HK\$80,000 with reference to his duties and responsibility with the Company. For the year ended 31 December 2008, Mr. LI did not receive other remuneration from the Company. Save for the position held in the substantial Shareholder as disclosed above, Mr. LI is and was not connected with any Directors, senior management of the Company or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. LI did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. LI has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

2. **Mr. TSE Yue Kit**, Executive Director, aged 47, has been an Executive Director of the Company since November 2000. He is also a Director of the Investment Manager. Mr. TSE is the General Manager in Investment & Development Division of China Merchants Finance Holdings Company Limited which is a substantial Shareholder. Mr. TSE has a number of years extensive experience in accounting, auditing, corporate finance as well as investment. Mr. TSE obtained his bachelor degree with honours in Accountancy from the University of Exeter, UK. Save as disclosed above, Mr. TSE did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

There is no service contract between the Company and Mr. TSE. He has no fixed term of service with the Company but will be subject to rotational retirement and re-election requirements at annual general meeting of the Company pursuant to Article 105 of the Articles of Association. There is no agreement on the amount of the remuneration payable to Mr. TSE. At the annual general meeting of the Company held on 26 May 2008, it was approved that the Directors' fee for the year ended 31 December 2008 be determined by the Board. The Board resolved that the Directors' fee payable to Mr. TSE for the year ended 31 December 2008 be fixed at HK\$50,000 with reference to his duties and responsibility with the Company. For the year ended 31 December 2008, Mr. TSE did not receive other remuneration from the Company. Save for the position held in the substantial Shareholder as disclosed above, Mr. TSE is and was not connected with any Directors, senior management of the Company or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. TSE did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. TSE has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

3. **Mr. KUT Ying Hay**, Independent Non-executive Director, aged 54, has been an Independent Non-executive Director of the Company since June 1993. He is also an Independent Non-executive Director of China Merchants Holdings (International) Company Limited whose shares are listed on the Stock Exchange and whose ultimate holding company is a substantial Shareholder and China Merchants Insurance Company Limited. Mr. KUT is a practicing solicitor and notary public and the proprietor of Messrs. Kut & Co., a firm of solicitors. He is an attesting officer appointed by the Ministry of Justice of the PRC since 1995. He is also a solicitor of the Supreme Courts of England, Victoria of Australia, and Singapore, and an associate member of the Institute of Chartered Arbitrators and the Institute of Arbitrators & Mediators, Australia. For the period from 1995 to 1998, he was a member of the Board of Review established by the Hong Kong government pursuant to the Inland Revenue Ordinance. Save as disclosed above, Mr. KUT did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

The service contract between the Company and Mr. KUT has a fixed term of three years. However, he will be subject to rotational retirement and re-election requirements at annual general meeting of the Company pursuant to Article 105 of the Articles of Association. At the annual general meeting of the Company held on 26 May 2008, it was approved that the Directors' fee for the year ended 31 December 2008 be determined by the Board. The Board resolved that the Directors' fee payable to Mr. KUT for the year ended 31 December 2008 be fixed at HK\$60,000 with reference to his duties and responsibility with the Company. For the year ended 31 December 2008, Mr. KUT did not receive other remuneration from the Company. Save as disclosed above, Mr. KUT is and was not connected with any Directors, senior management of the Company or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. KUT did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. KUT has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

4. **Mr. WANG Jincheng**, Independent Non-executive Director, aged 52, has been an Independent Non-executive Director of the Company since March 2007. He is a Professor and is currently an Assistant to Dean of the School of Electronic and Information Engineering of Dalian University of Technology, a member of the Education Working Committee of Chinese Automation Association, the Automation Profession Committee of the Association for Teaching and Research of China's Higher Educational Institutions and the Advisory Committee on Teaching of Dalian University of Technology, the Officer-in-Charge of Automation Profession of Dalian University of Technology, and a Director of Zhonglian Computer Development Co., Ltd., a company established in Dalian Economy and Technology Development Zone. Mr. WANG has significant contribution to the research studies of automation in the PRC. He also has a wide connection in the field of automation of metallurgical industry and a rich experience in corporate management. Mr. WANG graduated from Dalian University of Technology with a Bachelor degree in Automatic Control and a Master degree in System Engineering. He was once selected by the State Education Commission of China as a visiting scholar to go to Denmark participating in teaching and research work in Institute of Electronic Systems of Aalborg University, Denmark. Save as disclosed above, Mr. WANG did not hold any directorship in other listed public companies in the last three years or any position with the Company or other members of the Company's group.

The service contract between the Company and Mr. WANG has a fixed term of three years. However, he will be subject to rotational retirement and re-election requirements at annual general meeting of the Company pursuant to Article 105 of the Articles of Association. At the annual general meeting of the Company held on 26 May 2008, it was approved that the Directors' fee for the year ended 31 December 2008 be determined by the Board. The Board resolved that the Directors' fee payable to Mr. WANG for the year ended 31 December 2008 be fixed at HK\$60,000 with reference to his duties and responsibility with the Company. For the year ended 31 December 2008, Mr. WANG did not receive other remuneration from the Company. Mr. WANG is and was not connected with any Directors, senior management of the Company or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. WANG did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. WANG has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

5. **Mr. LI Kai Cheong, Samson**, Independent Non-executive Director, aged 48, was appointed as an Independent Non-executive Director of the Company on 22 August 2008. He was the Alternate Director to Dr. The Hon. David LI Kwok-po during the period from May 1999 to August 2008. Mr. LI is the Deputy Chief Executive & Chief Investment Officer of The Bank of East Asia, Limited whose shares are listed on the Stock Exchange. Mr. LI has more than ten years of experience specializing in fund management and securities dealing. He is also the Managing Director of East Asia Securities Company Limited, a member of the Stock Exchange, as well as a Director in a number of asset management companies. Mr. LI is a Fellow of The Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries & Administrators, and The Association of Chartered Certified Accountants. In addition, he is an Associate of the Hong Kong Institute of Certified Public Accountants and a Member of the Hong Kong Securities Institute. Mr. LI received his Professional Diploma in Accountancy from The Hong Kong Polytechnic University. Save as disclosed above, Mr. LI did not hold any directorship in other listed public companies in the last three years or any position with the Company and other members of the Company's group.

The service contract between the Company and Mr. LI has a fixed term of three years. However, he will be subject to retirement and re-election at the Annual General Meeting pursuant to Article 101 of the Articles of Association. Thereafter, he will be subject to rotational retirement and re-election requirements at annual general meeting of the Company pursuant to Article 105 of the Articles of Association. At the annual general meeting of the Company held on 26 May 2008, it was approved that the Directors' fee for the year ended 31 December 2008 be determined by the Board. The Board resolved that the Directors' fee payable to Mr. LI for the year ended 31 December 2008 be fixed at HK\$60,000 with reference to his duties and responsibility with the Company. For the year ended 31 December 2008, Mr. LI did not receive other remuneration from the Company. Mr. LI is and was not connected with any Directors, senior management of the Company or substantial or controlling Shareholders. As at the Latest Practicable Date, Mr. LI did not have any interests in the Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, Mr. LI has confirmed that there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is required to be disclosed pursuant to rule 13.51(2) of the Listing Rules.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Lavender Room, 27th Floor, The Park Lane Hong Kong, 310 Gloucester Road, Hong Kong, on Monday, 18 May 2009 at 3:00 p.m. for the following purposes:

1. To receive and consider the Audited Consolidated Financial Statements, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2008.
2. To re-elect retiring Directors and authorise the Board of Directors to fix Directors' fee.
3. To re-appoint Auditors and authorise the Directors to fix their remuneration.
4. As special business to consider and, if thought fit, to pass with or without modifications the following resolutions as Ordinary Resolutions:

A. **"THAT:**

- (a) subject to paragraph (c) of this Resolution and pursuant to section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into such shares or warrants or similar rights to subscribe for any shares in the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved.
- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period.
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of rights of subscription under the terms of any warrants issued by the Company or any securities which are

NOTICE OF ANNUAL GENERAL MEETING

convertible into shares of the Company, (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares of the Company or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the Shareholders of the Company in General Meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

B. “THAT:

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) of this Resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this Resolution and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the Shareholders of the Company in General Meeting.”

C. “**THAT** conditional upon Resolutions 4.A. and 4.B. being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the Directors as mentioned in Resolution 4.B. shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to Resolution 4.A., provided that the amount of share capital repurchased by the Company shall not exceed 10 per cent. of the total nominal amount of the share capital of the Company in issue on the date of this Resolution.”

5. As special business to consider and, if thought fit, to pass with or without modifications the following resolution as a Special Resolution:

SPECIAL RESOLUTION

“**THAT** the Articles of Association of the Company be and are hereby amended in the following manner:

(a) Article 76

by deleting the words “the members present shall choose another Director as chairman and, if only one Director is present, he shall if willing to act preside as chairman. If no Director is present, or if all the Directors present decline to take the chair or if the chairman chosen shall retire from the chair” in the fourth line to the seventh line of Article 76 and substituting therefor the following words:

“the Directors present shall elect one of their number present to be chairman and, if there is only one Director present and willing to act, he shall be chairman. If no Director is willing to act as chairman, or if no Director is present within fifteen minutes after the time appointed for holding the meeting”.

NOTICE OF ANNUAL GENERAL MEETING

(b) Article 96A

by deleting the existing Article 96A in its entirety and substituting therefor the following new Article 96A:

“96A Where that shareholder and/or warrant holder is a recognised clearing house (within the meaning of the Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any shareholders’ meetings or any meetings of any class of shareholders and/or warrant holders provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of shares and/or warrants in respect of each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual shareholder and/or warrant holder of the Company.”

By Order of the Board
Mr. LI Yinquan
Chairman

Hong Kong, 15 April 2009

Notes:

- (1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more than one proxy to attend and vote instead of him. A proxy needs not be a member of the Company.
- (2) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a copy of such authority notarially certified, must be deposited at the Company’s registered office at Room 1803 China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the annual general meeting if you so wish.
- (3) The Register of Members of the Company will be closed from 14 May 2009 to 18 May 2009, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attendance at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on 13 May 2009.

NOTICE OF ANNUAL GENERAL MEETING

- (4) At the annual general meeting of the Company held on 26 May 2008, Ordinary Resolutions were passed giving general mandates to the Directors to repurchase shares of the Company on the Stock Exchange and to allot, issue and otherwise deal with additional shares in the capital of the Company. Under the terms of the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange, these general mandates lapse at the conclusion of the annual general meeting for 2009, unless renewed at that meeting. The Ordinary Resolutions sought in items 4.A. and 4.B. of this notice renew these mandates.
- (5) With regard to item no.2 of this notice, details of retiring Directors proposed for re-election namely, Mr. LI Yinquan, Mr. TSE Yue Kit, Mr. KUT Ying Hay, Mr. WANG Jincheng and Mr. LI Kai Cheong, Samson, are set out in the appendix to the Circular to Shareholders dated 15 April 2009.
- (6) With reference to the Ordinary Resolutions sought in items 4.A. and 4.B. of this notice, the Directors wish to state that they have no immediate plans to issue any new shares or repurchase any existing shares of the Company. Approval is being sought from members as a general mandate pursuant to the Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange.
- (7) The Circular required by the Rules Governing the Listing of Securities on the Stock Exchange in connection with the proposed new issue and repurchase mandates, the proposed amendments to the Articles of Association of the Company and re-election of retiring Directors will be dispatched to Shareholders.
- (8) 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; and the Independent Non-executive Directors of the Company are Mr. KUT Ying Hay, Mr. WANG Jincheng and Mr. LI Kai Cheong, Samson. Besides, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.