



CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED

招商局中國基金有限公司

(Incorporated in Hong Kong with limited liability)

ANNOUNCEMENT

Grant of Waiver from strict compliance with Rule 21.04(3)(a) of
the Rules Governing the Listing of Securities

SUMMARY

The Company, through its wholly owned subsidiaries, has investment interests under four transactions in the PRC, each of which constitutes not less than 30%, but not more than 35%, interest in the investment.

In response to the Exchange's announcement dated 14 December 2001 in relation to the reduction of investment threshold under the Takeover Code, the Company applied to the Exchange for a waiver from strict compliance with Rule 21.04(3)(a) of the Listing Rules in respect of the aforesaid investment interests. The Exchange has granted such waiver which is conditional upon the Company making this announcement.

1. RELEVANT INVESTMENTS

The Company, through its wholly owned subsidiaries, has the following investment interests in the PRC:

- (a) 30% interest in Zhaoyuan Jinbao Electronics Company Limited, an equity joint venture established in the PRC;
- (b) 31.265% interest in Wei Fang Yin Yuan Aviation Industry Co. Ltd., a cooperative joint venture established in the PRC;
- (c) 35% interest in the value of the total floor space of certain real estate development in Beijing being managed by a company incorporated under the laws of the PRC; and
- (d) 35% shareholding in Hansen Enterprises Limited, a company incorporated under the laws of the British Virgin Islands.

2. IMPLICATION OF THE LISTING RULES

Pursuant to Rule 21.04(3)(a) of the Listing Rules, the Company may not own or control more than 35% (or such lower percentage as may from time to time be specified in the Takeover Code as being the level for triggering a mandatory general offer) of the voting rights in any one company or body. On 19 October 2001, the SFC announced certain changes to the Takeover Code including a reduction of the investment threshold from 35% to 30% for triggering a mandatory general offer obligation under the Takeover Code.

Under the amended paragraph 26.6 of the Takeover Code and the announcement of the Exchange dated 14 December 2001, the Company is not required to reduce its ownership in the investment interests described above to below 30% as long as its ownership or control is 30% or more but less than 35%. However, if the Company's ownership or control in such investments drops to below 30%, the investment threshold of 30% under the Takeover Code will apply from then on.

3. WAIVER

In view of the investment restrictions under Rule 21.04(3)(a) of the Listing Rules as varied by the reduction of investment threshold under the amended Takeover Code, the Company has, in response to the Exchange's announcement dated 14 December 2001, applied to the Exchange for a waiver from strict compliance with Rule 21.04(3)(a) of the Listing Rules in respect of the aforesaid investment interests. The Exchange has granted the waiver to the Company subject to the Company's making of this announcement.

4. DEFINITIONS

In this announcement, the following words and phrases have the following meanings:

"Company"	China Merchants China Direct Investments Limited, a company incorporated in Hong Kong, which is an investment company whose shares are listed on the Exchange
"Exchange"	The Stock Exchange of Hong Kong Limited
"Listing Rules"	The Rules Governing the Listing of Securities on the Exchange
"PRC"	The People's Republic of China
"SFC"	Securities and Futures Commission
"Takeover Code"	The Code on Takeovers and Mergers

By order of the board of directors of
China Merchants China Direct Investments Limited
Linda L. Zhou
Director