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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 under the Companies Ordinance)

PROGRESS ANNOUNCEMENT POSSIBLE PRIVATISATION

The Board announces that the Company has not received nor has it been considering any plan or proposal for privatisation, nor has it been informed by China Merchants Group Limited that there has been any negotiation or agreement in relation to the privatisation of the Company.

The board of directors (the “**Board**”) of China Merchants China Direct Investments Limited (the “**Company**”) refers to the announcement of the Company dated 9 June 2003 relating to the indication by China Merchants Group Limited (“**CMG**”) that privatisation of the Company is a possibility which will not be ruled out by CMG.

The Board would like to confirm that the Company has not received nor has it been considering any plan or proposal of privatisation. The Board has also not been informed by CMG that there has been any negotiation or agreement in relation to privatisation of the Company. A further announcement will be made at an appropriate time.

In the meantime, shareholders and investing public are reminded to exercise caution in dealing in the shares of the Company.

By order of the Board
Huang Dazhan
Executive Director

Hong Kong, 8 July 2003

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

“Please also refer to the published version of this announcement in SCMP”.