



CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED

招商局中國基金有限公司

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 133)

ANNOUNCEMENT

CHINA MERCHANTS BANK SHARE REFORM PLAN

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to announce that the CMB Share Reform Plan has been approved by the CMB Shareholders at the extraordinary general meeting of CMB held on 20 January 2006. Currently, the CMB Interests held by the Company are CMB Non-freely Transferable Shares. As a result of the implementation of the CMB Share Reform Plan, the CMB Interests will be transformed from CMB Non-freely Transferable Shares to CMB Freely Transferable Shares.

Details and implications of the CMB Share Reform Plan are set out in this announcement for Shareholders' information.

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to announce that the CMB Share Reform Plan has been approved by the CMB Shareholders at the extraordinary general meeting of CMB held on 20 January 2006. Details and implications of the CMB Share Reform Plan are set out in this announcement for Shareholders' information.

DETAILS OF CMB & THE CMB INTERESTS

CMB is a joint stock limited company incorporated in the PRC whose CMB A Shares are listed on the Shanghai Stock Exchange. As at the CMB Share Reform Proposal Date, CMB's total issued share capital consists of 7,572,272,454 CMB Non-freely Transferable Shares (representing approximately 73.00% of the total issued share capital of CMB) and 2,800,465,743 CMB Freely Transferable Shares (representing approximately 27.00% of the total issued share capital of CMB).

Currently, the Company holds the CMB Interests (representing 1.181% of the total issued share capital of CMB) which are all CMB Non-freely Transferable Shares through China Merchants Industry Development (Shenzhen) Limited, a wholly-owned subsidiary of the Company.

The CMB Interests are stated in the consolidated balance sheet of the Company at fair value. The unaudited book value of the CMB Interests in the book of the Company as at 30 June 2005 was US\$56,774,098.

CMB SHARE REFORM PLAN

Under the CMB Share Reform Plan, CMB will issue 0.8589 new CMB Share for every 10 CMB Shares to all CMB Shareholders (the "New CMB Shares"). Immediately after the issue of the New CMB Shares, all holders of CMB Non-freely Transferable Shares will transfer their entire New CMB Shares to holders of CMB Freely Transferable Shares on a pro rata basis. Based on the register of members kept by CMB as at the CMB Share Reform Proposal Date, the holders of CMB Freely Transferable Shares will receive additional 1.7374 New CMB Share for every 10 CMB Shares from the holders of CMB Non-freely Transferable Shares. In return, all the CMB Non-freely Transferable Shares will be transformed to CMB Freely Transferable Shares.

The implementation of the CMB Share Reform Plan is in line with the prevailing share segregation reform of the securities market of the PRC and has been approved by the CMB Shareholders at the extraordinary general meeting of CMB held on 20 January 2006. Notwithstanding the approval from the CMB Shareholders, the CMB Share Reform Plan is conditional upon the approvals from the SASAC and the CBRC.

LOCK-UP

The CMB Non-freely Transferable Shares will be subject to a lock-up period of 24 months or 36 months upon such shares becoming freely transferable. In case of the Company, the lock-up period of the CMB Interests is 24 months.

EFFECT OF THE CMB SHARE REFORM PLAN ON THE COMPANY

Currently, the CMB Interests held by the Company are CMB Non-freely Transferable Shares. As a result of the implementation of the CMB Share Reform Plan, the CMB Interests will be transformed from CMB Non-freely Transferable Shares to CMB Freely Transferable Shares. However, based on CMB's shareholding structure as at the CMB Share Reform Proposal Date, the Company's interests in CMB will be diluted from approximately 1.181% to 1.112% (assuming there will be no conversion of the CMB Convertible Notes before the implementation of the CMB Share Reform Plan) as a result of the issue and transfer of the New CMB Shares to holders of CMB Freely Transferable Shares.

The Board believes that the implementation of the CMB Share Reform Plan is in line with the Company's interests as the removal of the transfer restrictions will provide the Company with more flexibility in dealing with the CMB Interests.

DEFINITIONS

"Board"	the board of Directors
"CBRC"	China Banking Regulatory Commission
"CMB"	China Merchants Bank Co., Ltd., a joint stock limited company incorporated in the PRC whose CMB A Shares are listed on the Shanghai Stock Exchange
"CMB A Shares"	domestic CMB A Shares listed on the Shanghai Stock Exchange
"CMB Convertible Notes"	the 5-year convertible notes in the face value of RMB6.5 billion issued by CMB on 10 November 2004 which are listed on the Shanghai Stock Exchange
"CMB Non-freely Transferable Share(s)"	non-freely transferable CMB Share(s)
"CMB Freely Transferable Share(s)"	freely transferable CMB Share(s)
"CMB Interests"	the 122,546,115 CMB Non-freely Transferable Shares held by the Company, which represents approximately 1.181% of the total issued share capital of CMB as at the CMB Share Reform Proposal Date
"CMB Share(s)"	share(s) of CMB
"CMB Share Reform Plan"	the proposal for the conversion of the CMB Non-freely Transferable Shares into CMB Freely Transferable Shares
"CMB Share Reform Proposal Date"	29 December 2005, the date on which the CMB Share Reform Plan was announced by CMB
"CMB Shareholders"	the shareholders of CMB
"Company"	China Merchants China Direct Investments Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange
"Directors"	the directors of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the PRC
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US\$"	US dollars, the lawful currency of the United States of America

By order of the Board
Peter Y. W. Lee
Company Secretary

Hong Kong, 20 January 2006

As at the date hereof, the Board of Directors of the Company comprises eleven Directors, of which five are Executive Directors, namely Dr Fu Yuning, Dr Huang Dazhan, Mr Chu Lap Lik, Victor, Mr Xie Kuixing and Mr Tse Yue Kit; and three are Non-executive Directors, namely Mr Wang Xingdong, Mr Gong Jianzhong and Mr Phoon Siew Heng; and three are Independent Non-executive Directors, namely Dr Li Kwok Po, David, Mr Kut Ying Hay and Mr Poon Kwok Lim, Steven. In addition, Ms Kan Ka Yee, Elizabeth is the alternate Director to Mr Chu Lap Lik, Victor, Mr Li Kai Cheong, Samson is the alternate Director to Dr Li Kwok Po, David, Mr Tan Cheong Hin is the alternate Director to Mr Phoon Siew Heng and Mr Mok Hay Hoi is the alternate Director to Mr Poon Kwok Lim, Steven.