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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)

WAIVER FROM STRICT COMPLIANCE WITH RULES 3.25, 3.26 AND 3.27 OF THE LISTING RULES

The Stock Exchange has granted a Waiver to the Company from strict compliance with Rules 3.25, 3.26 and 3.27 of the Listing Rules which will become effective on 1 April 2012. As a consequence of the Waiver, the Company will not establish a remuneration committee and no written terms of reference for the remuneration committee will be approved and provided by the Board.

The Waiver

The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has granted to China Merchants China Direct Investments Limited (the “**Company**”) a conditional waiver (the “**Waiver**”) from strict compliance with Rules 3.25, 3.26 and 3.27 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) which will become effective on 1 April 2012.

Rules 3.25 and 3.26 of the Listing Rules, when become effective on 1 April 2012, will require an issuer to establish a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors, with the authority and duties of the remuneration committee clearly established in written terms of reference approved and provided by the board of directors of the issuer. Rule 3.27 of the Listing Rules, when become effective on 1 April 2012, will require an issuer to immediately publish an announcement containing the relevant details and reasons if the issuer fails to meet the requirements in Rules 3.25 and 3.26 of the Listing Rules and to comply with the requirements within three months after such failure.

As a result of the Waiver, the Company will not establish a remuneration committee and no written terms of reference for the remuneration committee will be approved and provided by the board (the “**Board**”) of directors (the “**Directors**”) of the Company.

Background Information Leading to the Waiver

Prior to the grant of the Waiver, remuneration of Directors was determined by the Board annually with authorization of general meetings of the Company. No remuneration committee was established by the Company. For the two financial years ended 31 December 2009 and 2010, the Board resolved that no directors' fee be payable to the executive Directors and the directors' fees payable to each of the non-executive Directors (including the independent non-executive Directors) were US\$20,631 (or HK\$160,000) and US\$20,616 (or HK\$160,000) for each of the respective financial years.

When remuneration of an executive Director is determined, the executive Director and his associate abstain from voting. When remuneration of non-executive Directors (including the independent non-executive Directors) is determined, the Board first determines a basic fee applicable to all those Directors in the financial year before making adjustment to individual basic fee, after taking account of the duties of each of those Directors and his responsibilities with the Company and its subsidiaries (the "Group"). Therefore, when determining the basic fee, all non-executive Directors (including the independent non-executive Directors) abstain from voting. When determining the individual basic fee, the non-executive Director or the independent non-executive Director whose remuneration is the subject matter of determination together with his associate abstain from voting.

The Group has neither salaried senior management nor employees except a qualified accountant whose remuneration packages are determined and borne by the investment manager of the Company.

Under the special circumstances of the Group, the Directors consider that it would be impractical for the Company to strictly comply with Rules 3.25, 3.26 and 3.27 of the Listing Rules as the functions of a remuneration committee envisaged by the code provision B.1.2 of the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Listing Rules effective from 1 April 2012 would not be properly discharged if a remuneration committee of the Company were to be established. As the Company does not contemplate any change to the current remuneration regarding the executive Directors and the remuneration arrangement of the non-executive Directors (including the independent non-executive Directors) and the qualified accountant as of the date of this announcement, the Waiver was sought by the Company.

Impact of the Waiver

The impact of the grant of the Waiver is that the Company will not establish a remuneration committee and no written terms of reference for the remuneration committee will be approved and provided by the Board.

The remuneration of the Directors will continue to be determined by the Board annually with authorization of general meetings. Under the aforementioned arrangement, no Director or any of his associates is involved in deciding his own remuneration.

Condition of the Waiver

The Waiver is granted by the Stock Exchange on condition that the executive Directors and senior management of the Company will not receive any directors' fee or emolument from the Company.

If the circumstance of the Company under which the Waiver is granted changes or the above Waiver condition is no longer satisfied in the future, the Company will promptly notify the Stock Exchange and make necessary announcement.

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

Hong Kong, 28 March 2012

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. LI Kai Cheong, Samson, Mr. LIU Baojie, Mr. XIE Tao and Mr. ZHU Li. In addition, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.