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)

ANNOUNCEMENT OF 2009 INTERIM RESULTS

FINANCIAL RESULTS

The Board of Directors of China Merchants China Direct Investments Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2009	2008
		(unaudited)	*(unaudited)*
	NOTES	***US$***	*US$*
Change in fair value of financial assets at fair value through profit or loss		**346,240,362**	(471,802,373)
Investment Income	*3*	**6,289,189**	12,067,116
Other income		**142,015**	142,338
Administrative expenses		**(36,338,102)**	(9,002,488)
Share of results of associates		**(361,270)**	1,544,307
Profit (loss) before taxation	*5*	**315,972,194**	(467,051,100)
Taxation	*6*	**(89,541,659)**	103,607,126
Profit (loss) for the period		**226,430,535**	(363,443,974)
Other comprehensive income (loss)			
Exchange differences arising on translation of foreign operations		**(11,486,618)**	50,125,874
Share of change in translation reserve of associates		**6,258**	1,207,685
Change in fair value of available-for-sale financial assets		**(3,022)**	-
Other comprehensive income (loss) for the period (net of tax)		**(11,483,382)**	51,333,559
Total comprehensive income (loss) for the period		**214,947,153**	(312,110,415)
Profit (loss) for the period attributable to owners of the Company		**226,430,535**	(363,443,974)
Total comprehensive income (loss) attributable to owners of the Company		**214,947,153**	(312,110,415)
Basic and diluted earnings (loss) per share	*7*	**1.518**	(2.437)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	30 June 2009 (unaudited) US$	31 December 2008 (audited) US$
Non-current assets			
Interests in associates		**15,722,780**	16,077,183
Financial assets at fair value through profit or loss		**66,353,182**	61,409,483
Other investments in financial assets		**694,117**	697,139
		82,770,079	78,183,805
Current assets			
Financial assets at fair value through profit or loss		**577,824,823**	345,748,162
Other receivables		**633,240**	1,071,794
Cash and bank balances		**175,886,604**	101,994,877
		754,344,667	448,814,833
Current liabilities			
Other payables		**107,611,901**	106,737,490
Provision	*8*	**30,095,868**	-
Taxation payable		**9,820,416**	11,493,691
		147,528,185	118,231,181
Net current assets		**606,816,482**	330,583,652
Total assets less current liabilities		**689,586,561**	408,767,457
Non-current liabilities			
Financial liabilities	*9*	**129,031**	-
Deferred taxation		**140,103,163**	74,360,243
		140,232,194	74,360,243
Net Assets		**549,354,367**	334,407,214
CAPITAL AND RESERVES			
Share capital		**14,914,560**	14,914,560
Reserves		**174,054,542**	185,537,244
Retained earnings		**360,385,265**	133,955,410
Equity attributable to owners of the Company		**549,354,367**	334,407,214
Net asset value per share	*10*	**3.683**	2.242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2009

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial information, and has resulted in a number of changes in presentation and disclosure.

HKFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor Standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of assets with reference to the operation of the investees. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see Note 4).

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments and interpretations, that have been issued but are not yet effective and are pertinent to the operations of the Group. The Group considers that it is not yet in a position to reasonably ascertain the impact on the preparation and presentation of the results of operations and financial positions of the Group.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs issued in 2008 [1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 [2]
HKFRS 3 (Revised in 2008)	Business combinations [1]
HKAS 27 (Revised in 2008)	Consolidated and separate financial statements [1]
HKAS 39 (Amendment)	Eligible hedged items [1]
HK(IFRIC) - INT 17	Distribution of non-cash assets to owners [1]
HK(IFRIC) - INT 18	Transfers of assets from customers [3]

[1] *Effective for annual periods beginning on or after 1 July 2009*
[2] *Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate*
[3] *Effective for transfers on or after 1 July 2009*

3. INVESTMENT INCOME

Investment income represents the income received and receivable on investments during the period as follows:

	Six months ended 30 June	
	2009	2008
	(unaudited)	*(unaudited)*
	US$	*US$*
Interest income	**941,073**	312,661
Dividend income	**5,348,116**	11,754,455
Total	**6,289,189**	12,067,116

4. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. As mentioned in Note 2, the financial information reported to the executive management for the purpose of resources allocation and performance assessment are presented on an industrial basis.

The Group's reportable segments under HKFRS 8 are therefore as follows:

(a) Financial services: investees engaged in financial services activities.
(b) Culture and media: investees engaged in culture and media activities.
(c) Manufacturing: investees engaged in manufacturing of products activities.
(d) All other segments: investees engaged in investments related to real estates, and other types of business activities.

Information regarding the above segments is reported below.

The following is an analysis of the Group's operating segments for the period under review. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8:

For the six months ended 30 June 2009

	Financial services	Culture and media	Manufacturing	All other segments	Unallocated	Consolidated
	US$	*US$*	*US$*	*US$*	*US$*	*US$*
Change in investment value	346,242,462	(2,100)	(262,281)	(98,989)	-	345,879,092
Dividend income	5,348,116	-	-	-	-	5,348,116
Segment profit (loss)	351,590,578	(2,100)	(262,281)	(98,989)	-	351,227,208
Interest income	-	-	-	-	941,073	941,073
Other income	-	-	-	-	142,015	142,015
Administrative expenses	-	-	-	-	(36,338,102)	(36,338,102)
Profit (loss) before taxation	351,590,578	(2,100)	(262,281)	(98,989)	(35,255,014)	315,972,194
Statement of financial position As at 30 June 2009						
Assets	614,498,051	29,637,647	14,521,167	1,938,037	176,519,844	837,114,746
Liabilities	148,854,074	145,712	71,393	7,573	138,681,627	287,760,379

For the six months ended 30 June 2008

	Financial services US$	Culture and media US$	Manufacturing US$	All other segments US$	Unallocated US$	Consolidated US$
Change in investment value	(471,802,373)	-	1,476,077	68,230	-	(470,258,066)
Dividend income	11,754,455	-	-	-	-	11,754,455
Segment profit (loss)	(460,047,918)	-	1,476,077	68,230	-	(458,503,611)
Interest income	-	-	-	-	312,661	312,661
Other income	-	-	-	-	142,338	142,338
Administrative expenses	-	-	-	-	(9,002,488)	(9,002,488)
Profit (loss) before taxation	(460,047,918)	-	1,476,077	68,230	(8,547,489)	(467,051,100)
Statement of financial position As at 30 June 2008						
Assets	755,025,585	23,000,000	18,264,206	3,126,341	71,129,667	870,545,799
Liabilities	172,045,822	411,818	327,023	48,764	104,487,844	277,321,271

Segment profit (loss) represents the change in value of investments (including change in fair value of financial assets at fair value through profit or loss and share of results of associates) and the corresponding dividend income earned by each segment without allocation of central administrative expenses, fees to the Investment Manager, interest income and other income. This is the measure reported to the executive management for the purposes of resource allocation and performance assessment.

5. PROFIT (LOSS) BEFORE TAXATION

	Six months ended 30 June	
	2009	2008
	(unaudited)	*(unaudited)*
	US$	*US$*
Profit (loss) before taxation has been arrived at after charging (crediting)		
Share of taxation on results of associates		
Other regions in the PRC	-	147,265
Investment Manager's management fee	**5,757,182**	8,592,541
Investment Manager's performance fee	**30,095,868**	-
Net foreign exchange loss (gain)	**28,507**	-126,624

6. TAXATION

	Six months ended 30 June	
	2009	2008
	(unaudited)	*(unaudited)*
	US$	*US$*
The tax (charge) credits for the period comprises:		
Current tax:		
Other regions in the PRC	**(23,843,453)**	(6,990,351)
Deferred taxation	**(65,698,206)**	110,597,477
	(89,541,659)	103,607,126

Hong Kong profits tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profits for the period. No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Company and its subsidiaries had no assessable profits for both periods. Taxation arising in other regions in the PRC is calculated at the rates prevailing in the relevant regions.

The PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC on 16 March 2007. The State Council of the PRC issued Implementation Regulations of the New Law and The Notification of the State Council on carrying out the Transitional Preferential Policies concerning Enterprise Income Tax (Guo Fa [2007] No. 39) on 6 December 2007 and 26 December 2007 respectively. Accordingly, the applicable Enterprise Income Tax rate for a PRC subsidiary of the Company in 2009 is 20% (2008: 18%) and such tax rate will be gradually increased to 25% in 2012. Other PRC incorporated entities which incorporated after 15 March 2007, are subject to 25% tax rate for Enterprise Income Tax.

7. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share is based on the following data:

	Six months ended 30 June	
	2009	2008
	(unaudited)	*(unaudited)*
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share (US$)	**226,430,535**	(363,443,974)
Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**149,145,600**	149,145,600
Basic and diluted earnings (loss) per share (US$)	**1.518**	(2.437)

8. PROVISION

The amount represents the provision for performance fee for the six months ended 30 June 2009 (2008: nil). The fee is estimated based on a fixed percentage on the excess of an agreed increment of the Group's net asset value as at 30 June 2009 after certain adjustment as stipulated in the Investment Management Agreement. The fee will be finalised based on the Group's net asset value at the end of the financial year.

9. FINANCIAL LIABILITIES

The financial liabilities are related to the sub-participation agreements (the "**Agreements**") entered into between the Company and co-investment participants with respect to an investment by the Group in 北京東方銀廣文化傳媒有限公司 (Inbank Media (China) Co., Ltd.). Details of the Agreements are disclosed in the section of Co-investment Scheme.

10. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the following data:

	30 June 2009 ***(unaudited)***	31 December 2008 *(audited)*
Net asset value (US$)	**549,354,367**	334,407,214
Number of ordinary shares in issue	**149,145,600**	149,145,600
Net asset value per share (US$)	**3.683**	2.242

11. MOVEMENT IN RESERVES

	Six months ended 30 June	
	2009 ***(unaudited)*** ***US$***	2008 *(unaudited)* *US$*
At 1 January	**319,492,654**	890,420,383
Exchange differece on translation	**(11,480,360)**	51,333,559
Change in fair value of available-for-sale financial assets	**(3,022)**	-
Profit (loss) for the period	**226,430,535**	(363,443,974)
At 30 June	**534,439,807**	578,309,968

REVIEW AND PROSPECTS

Overall Performance

The Group recorded a profit attributable to equity shareholders of US$226.43 million for the six months ended 30 June 2009, compared to a loss attributable to equity shareholders of US$363.44 million for the same period in 2008. The profit was mainly attributable to a significant increase in the fair value of financial assets designated at fair value through profit or loss (the "financial assets"). As of 30 June 2009, the net assets of the Group were US$549.35 million (31 December 2008: US$334.41 million), with a net asset value per share of US$3.683 (31 December 2008: US$2.242).

For the period, the increase in fair value of the financial assets was US$346.24 million (2008: a loss of US$471.80 million) and was concentrated in two investments, namely China Merchants Bank Co., Ltd. ("CMB") and Industrial Bank Co., Ltd. ("INDB"). Their valuation substantially increased by US$141.00 million and US$163.89 million respectively as compared to the end of the previous year.

Total investment income for the period decreased by 48% to US$6.29 million (2008: US$12.07 million). This decrease was due mainly to a significant decline in dividend income.

Material Acquisitions and Disposals of Investments

The Group continuously investigates new investment opportunities, and intensive due diligence was completed on projects in financial services, culture and media, energy, environmental protection, pharmaceuticals, manufacturing, hi-tech and consumer related industries. On 1 June 2009, the Group entered into an agreement with Inbank Media (China) Co., Ltd. ("Inbank Media") and agreed to invest US$4.39 million to acquire an equity interest of 9.09% in the enlarged capital of Inbank Media. In the same transaction, Inbank Media also agreed to issue a convertible bond to the Group in the amount of US$2.20 million. The convertible bond bears interest at a rate of 6.7% per annum and will mature on the day falling on the third anniversary of the date of payment of the principal amount into the bank account of Inbank Media. The transaction was completed on 12 June 2009.

The Group held an extraordinary general meeting on 15 December 2008 and was authorised to dispose of its entire holding of A shares of both CMB and INDB at prices of not less than RMB4.62 per share and RMB7.78 per share respectively, within a year. During the reporting period, the Group disposed of 22.80 million A shares of CMB and 15.20 million A shares of INDB, and the aggregate net proceeds amounted to RMB 711.53 million.

Liquidity, Financial Resources, Gearing and Capital Commitments

The Group's cash on hand increased by 73%, from US$101.99 million at the end of last year to US$175.89 million as of 30 June 2009, mainly due to the persistent sale of our interests in CMB and INDB.

As of 30 June 2009, the Group had no outstanding bank loans.

As of 30 June 2009, the Group had a capital commitment of approximately US$30.74 million (2008: nil). It was an investment in Guangzhou Digital Media Group Ltd. which was approved and not provided in the financial statements.

Exposure to Fluctuations in Exchange Rates and Related Hedges

Most of the Group's investments are located in China where the official currency is the Renminbi ("RMB"). The conversion rate of RMB against U.S. dollar recorded an increase of 0.04% in the first half of 2009, which had a positive impact on the Group since it holds a considerable amount of assets denominated in RMB.

Employees

Other than a qualified accountant whose remuneration is borne by the Investment Manager, the Group has no employees. The Investment Manager handles the portfolio and day-to-day administration of the Group.

The Portfolio

As of 30 June 2009, the Group's total investment was US$659.95 million, which comprised US$659.26 million in direct investments (representing 78.83% of the Group's total assets) and US$0.69 million in bonds (representing 0.08% of the Group's total assets). The sector distribution of direct investments was US$613.90 million in financial services (representing 73.41% of the Group's total assets), US$29.64 million in culture and media (representing 3.54% of the Group's total assets) and an aggregate of US$15.72 million in manufacturing, real estate and education facilities (representing 1.88% of the Group's total assets). Cash on hand was US$175.89 million, representing 21.01% of the Group's total assets as of 30 June 2009.

Prospects

In response to the deterioration of the global financial crisis and its negative effect on the economy of China, the Central Government has decisively implemented an active fiscal policy and an easing monetary policy since the end of 2008. It has also considered and launched a series of specific policies and measures to reduce the over-dependence of China's economy on external demand, to expand domestic demand in order to maintain stable economic growth and to prevent a rapid economic downturn. According to the National Bureau of Statistics of China, China's economy grew 6.1% in the first quarter of 2009, which was 4.5% below the same period of last year. The economy revived in the second quarter, both the breadth and speed of recovery increased, and China's gross domestic product (GDP) grew at 7.1%. For the first half of 2009, the general level of China's consumer price index (CPI) declined 1.1% and producer price index (PPI) declined 7.8% year-over-year. As an easing monetary environment increases the risk of future inflation, price increases may return in the second half of 2009. Nevertheless, China is likely to maintain a relaxed monetary policy in the near term, and at least until the Central Economic Work Conference to be held at the end of the year, at which time any policy adjustments will be communicated. Even so, tightening measures other than an interest rate hike would be adopted first. It is expected that loans would not be compressed significantly since many long term infrastructure projects have just commenced their construction stage and loans for such projects could not be suspended abruptly. It is anticipated that GDP growth will be above 8% and 9% in the third and fourth quarter, respectively, and at around 8% for the year as a whole. A reduction in exports, a shrinkage in markets and a tighter credit supply may lead to a decrease in profits recorded by enterprises, which may restrain returns for some of the Group's investments. However, tighter credit and the cooling off of capital markets will also bring new opportunities to the Group for making direct investments. The Group will continuously make every effort to identify new potential investment projects, with an emphasis still on investment opportunities in sectors of financial services, culture and media, consumer goods, pharmaceuticals, energy and environmental protection. The Group will also carefully evaluate the right time to switch its assets in order to increase returns for shareholders.

CO-INVESTMENT SCHEME (THE "SCHEME")

In order to strengthen the investment management process and to align the interests of management and relevant staff with the interests of the Group in entering new investment projects, the Investment Manager, with the consent of the Group, is implementing the Scheme. Under the Scheme, the Group will enter into sub-participation agreements with certain executive directors of the Group, certain directors and employees of the Investment Manager, and persons nominated by the Investment Manager (collectively the "**Participants**") with respect to new investments made by the Group beginning in 2009.

For the period ended 30 June 2009, sub-participation agreements with respect to the investment in Inbank Media (the "**Agreements**") have been made. Pursuant to the Agreements, the Participants have paid to the Group in aggregate HK$1 million (equivalent to RMB0.88 million) for participation in the Group's investment in Inbank Media, amounting to 1.96% of such investment by the Group of RMB45 million. The Participants will receive a portion of the return (in the form of dividends, interest or other distributions or proceeds from realisation) from the Group's investment in Inbank Media that is equivalent to the percentage of the investment amount contributed by the Participants in relation to the total amount invested by the Group in Inbank Media. If the Group suffers a loss from its investment in Inbank Media, the Participants will share the loss on a pro rata basis.

The Agreements will terminate upon either the realisation of the investment in Inbank Media by the Group or upon the Investment Manager, who provides a guarantee to the Participants for the performance of the Group's obligations under the Agreements, ceasing to be the investment manager of the Group. In the former case, the Participants shall receive a pro rata portion of the proceeds from disposal of the Group's interest in Inbank Media. In the latter case, the Participants will receive a pro rata portion of the value of the equity interest in Inbank Media held by the Group as of 90 days prior to the termination date of the Agreements, as assessed by an independent valuer appointed jointly by the Group and the Investment Manager.

Sub-participation agreements on the same terms as the Agreements will be entered into with respect to other new investment projects of the Group. It is intended that the aggregate investment amount contributed by the Participants in each of the Group's other new investment projects will not exceed 2% of the Group's investment in each project.

Since the Scheme will enhance both the motivation and carefulness of the Participants in assessing investment opportunities for the Group, and shareholders of the Group will benefit indirectly from the returns of the investment projects through their shareholding in the Group, it is therefore considered in the interests of the Group and its shareholders as a whole.

As of 30 June 2009, the following Directors of the Group as well as a director of the Investment Manager have participated the Scheme:

	Title	Co-investment amount for Inbank Media project *US$*
Mr. HONG Xiaoyuan	Director of the Group and Chairman of the Investment Manager	12,900
Ms. ZHOU Linda Lei	Director of the Group and Managing Director of the Investment Manager	12,900
Mr. TSE Yue Kit	Director of the Group and Director of the Investment Manager	1,290
Mr. WU Huifeng	Director of the Investment Manager	12,900

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: nil).

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

CORPORATE GOVERNANCE

The interim financial report is unaudited, but has been reviewed by Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, whose independent review report is included in the interim report to be sent to shareholders. The interim financial report has also been reviewed by the Company's Audit Committee.

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the reporting period except as stated below:

According to the Investment Management Agreement, the portfolio and day-to-day administration of the Company are handled by the Investment Manager. Except the qualified accountant whose remuneration packages are borne by the Investment Manager, the Company has no salaried employees. Thus, no remuneration committee has been established by the Company.

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the reporting period, they have complied with the required standard set out in the Model Code regarding Directors' securities transactions.

By order of the Board
Mr. LI Yinquan
Chairman

Hong Kong, 15 September 2009

As at the date hereof, the Board of Directors of the Company comprises eight Directors, of which five are Executive Directors, namely Mr. LI Yinquan, Mr. HONG Xiaoyuan, Mr. CHU Lap Lik, Victor, Ms. ZHOU Linda Lei and Mr. TSE Yue Kit; and three are Independent Non-executive Directors, namely Mr. KUT Ying Hay, Mr. WANG Jincheng and Mr. LI Kai Cheong, Samson. In addition, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.