

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

The Board of Directors of China Merchants China Direct Investments Limited (the “Company”) announces that the audited consolidated results for the year ended 31 December 2009 of the Company and its subsidiaries (the “Group”) together with the 2008 comparative figures are as follows:-

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

| | 2009 | 2008 |
|--|--------------------|----------------------|
| | <u>US\$</u> | <u>US\$</u> |
| Change in fair value of financial assets at fair value through profit or loss | 388,682,366 | (783,313,725) |
| Investment income (Note 3) | 8,440,088 | 12,767,998 |
| Other income | 153,757 | 1,239,053 |
| Administrative expenses | (31,252,692) | (14,547,449) |
| Share of results of associates | 1,556,589 | (2,206,239) |
| Profit (loss) before taxation | 367,580,108 | (786,060,362) |
| Taxation (Note 5) | (103,974,484) | 165,781,898 |
| Profit (loss) for the year | 263,605,624 | (620,278,464) |
| Other comprehensive income (loss) | | |
| Exchange difference arising on translation | 83,200 | 48,024,774 |
| Share of change in translation reserve of associates | (26,905) | 1,325,961 |
| Change in fair value of available-for-sale financial assets | 1,199 | - |
| Other comprehensive income (loss) for the year | 57,494 | 49,350,735 |
| Total comprehensive income (loss) for the year | <u>263,663,118</u> | <u>(570,927,729)</u> |
| Profit (loss) for the year attributable to owners of the Company | <u>263,605,624</u> | <u>(620,278,464)</u> |
| Total comprehensive income (loss) attributable to owners of the Company | <u>263,663,118</u> | <u>(570,927,729)</u> |
| Basic earnings (loss) per share (Note 6) | <u>1.767</u> | <u>(4.159)</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

| | 2009 | 2008 |
|--|--------------------|--------------------|
| | <u>US\$</u> | <u>US\$</u> |
| Non-current assets | | |
| Interests in associates | 17,651,708 | 16,077,183 |
| Financial assets at fair value through profit or loss | 117,078,997 | 61,409,483 |
| Available-for-sale financial assets | 698,338 | 697,139 |
| | <u>135,429,043</u> | <u>78,183,805</u> |
| Current assets | | |
| Financial assets at fair value through profit or loss | 569,097,615 | 345,748,162 |
| Other receivables | 481,056 | 1,071,794 |
| Bank balances and cash | 129,600,520 | 101,994,877 |
| | <u>699,179,191</u> | <u>448,814,833</u> |
| Current liabilities | | |
| Other payables | 71,724,364 | 106,737,490 |
| Taxation payable | 20,344,661 | 11,493,691 |
| | <u>92,069,025</u> | <u>118,231,181</u> |
| Net current assets | <u>607,110,166</u> | <u>330,583,652</u> |
| Total assets less current liabilities | 742,539,209 | 408,767,457 |
| Non-current liabilities | | |
| Financial liabilities at fair value through profit or loss | 421,986 | - |
| Deferred taxation | 144,046,891 | 74,360,243 |
| | <u>144,468,877</u> | <u>74,360,243</u> |
| Net assets | <u>598,070,332</u> | <u>334,407,214</u> |
| Capital and reserves | | |
| Share capital | 14,914,560 | 14,914,560 |
| Share premium and reserves | 185,605,050 | 185,537,244 |
| Retained profits | 397,550,722 | 133,955,410 |
| Equity attributable to owners of the Company | <u>598,070,332</u> | <u>334,407,214</u> |
| Net asset value per share (Note 7) | <u>4.010</u> | <u>2.242</u> |

Notes:

1. BASIS OF PRESENTATION

The consolidated financial statements have been reviewed by the Company's Audit Committee.

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

The consolidated financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see Note 4).

**Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 Financial Instruments : Disclosures)**

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group and the Company have not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective:

| | |
|--------------------------------|---|
| 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 |
| HKAS 24 (Revised) | Related party disclosures ⁶ |
| HKAS 27 (Revised) | Consolidated and separate financial statements ¹ |
| HKAS 32 (Amendment) | Classification of right issues ⁴ |
| HKAS 39 (Amendment) | Eligible hedged items ¹ |
| HKFRS 1 (Amendment) | Additional exemptions for first-time adopters ³ |
| HKFRS 1 (Amendment) | Limited exemption from comparative HKFRS 7 disclosures for first-time adopters ⁵ |
| HKFRS 2 (Amendment) | Group cash-settled share-based payment transactions ³ |
| HKFRS 3 (Revised) | Business combinations ¹ |
| HKFRS 9 | Financial instruments (relating to the classification and measurement of financial assets) ⁷ |
| HK(IFRIC) - INT 14 (Amendment) | Prepayments of minimum funding requirement ⁶ |
| HK(IFRIC) - INT 17 | Distribution of non-cash assets to owners ¹ |
| HK(IFRIC) - INT 19 | Extinguishing financial liabilities with equity instruments ⁵ |

¹ Effective for annual periods beginning on or after 1 July 2009.

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.

³ Effective for annual periods beginning on or after 1 January 2010.

⁴ Effective for annual periods beginning on or after 1 February 2010.

⁵ Effective for annual periods beginning on or after 1 July 2010.

⁶ Effective for annual periods beginning on or after 1 January 2011.

⁷ Effective for annual periods beginning on or after 1 January 2013.

The Group anticipates that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements of the Group.

3. INVESTMENT INCOME

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

| | THE GROUP | |
|-------------------------------------|------------------|-------------------|
| | 2009 | 2008 |
| | US\$ | US\$ |
| Interest income on | | |
| Bank deposits | 1,694,334 | 827,946 |
| Available-for-sale financial assets | 21,417 | 40,816 |
| | <u>1,715,751</u> | <u>868,762</u> |
| Dividend income | | |
| Listed investments | 4,798,558 | 8,749,308 |
| Unlisted investments | 1,925,779 | 3,149,928 |
| | <u>6,724,337</u> | <u>11,899,236</u> |
| Total | <u>8,440,088</u> | <u>12,767,998</u> |

The following is an analysis of investment income earned on financial assets, by category of assets.

| | THE GROUP | |
|--|------------------|-------------------|
| | 2009 | 2008 |
| | US\$ | US\$ |
| Available-for-sale financial assets | 21,417 | 40,816 |
| Loans and receivables (including bank balances and cash) | 1,694,334 | 827,946 |
| Total interest income for financial assets not designated as at fair value through profit or loss | 1,715,751 | 868,762 |
| Investment income earned on financial assets designated as at fair value through profit or loss | 6,724,337 | 11,899,236 |
| Total | <u>8,440,088</u> | <u>12,767,998</u> |

4. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the executive management for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify 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 operating segments as compared with the primary segments determined in accordance with HKAS 14.

The Group's operating 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) Others: 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 reportable and operating segments for the year under review. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8:

For the year ended 31 December 2009

| | Financial services <i>US\$</i> | Culture and media <i>US\$</i> | Manufacturing <i>US\$</i> | Others <i>US\$</i> | Total <i>US\$</i> |
|----------------------------|--------------------------------------|----------------------------------|------------------------------|-----------------------|----------------------|
| Change in investment value | 377,087,319 | 11,595,047 | 1,524,084 | 32,505 | 390,238,955 |
| Dividend income | 6,724,337 | - | - | - | 6,724,337 |
| Segment profit | 383,811,656 | 11,595,047 | 1,524,084 | 32,505 | 396,963,292 |
| Interest income | - | - | - | 21,417 | 21,417 |
| Other income | 37,115 | 116,642 | - | - | 153,757 |
| | 383,848,771 | 11,711,689 | 1,524,084 | 53,922 | 397,138,466 |
| Unallocated: | | | | | |
| - Administrative expenses | | | | | (31,252,692) |
| - Interest income | | | | | 1,694,334 |
| Profit before taxation | | | | | 367,580,108 |

4. SEGMENTAL INFORMATION - continued

For the year ended 31 December 2008

| | Financial services <i>US\$</i> | Culture and media <i>US\$</i> | Manufacturing <i>US\$</i> | Others <i>US\$</i> | Total <i>US\$</i> |
|----------------------------|--------------------------------------|-------------------------------------|------------------------------|-----------------------|----------------------|
| Change in investment value | (783,397,725) | 53,000 | (1,992,252) | (182,987) | (785,519,964) |
| Dividend income | 11,717,021 | - | - | 182,215 | 11,899,236 |
| Segment profit (loss) | (771,680,704) | 53,000 | (1,992,252) | (772) | (773,620,728) |
| Interest income | - | - | - | 43,434 | 43,434 |
| Other income | 1,239,053 | - | - | - | 1,239,053 |
| | <u>(770,441,651)</u> | <u>53,000</u> | <u>(1,992,252)</u> | <u>42,662</u> | <u>(772,338,241)</u> |
| Unallocated: | | | | | |
| -Administrative expenses | | | | | (14,547,449) |
| -Interest income | | | | | <u>825,328</u> |
| Loss before taxation | | | | | <u>(786,060,362)</u> |

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 purpose of resources allocation and performance assessment. No separate segment revenue (i.e. investment income) is disclosed as it had been included in the segment profit (loss).

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

| | 2009 <i>US\$</i> | 2008 <i>US\$</i> |
|----------------------------|---------------------|---------------------|
| Segment assets | | |
| Financial services | 611,938,414 | 384,062,338 |
| Culture and media | 71,999,119 | 23,053,000 |
| Manufacturing | 16,316,391 | 14,777,676 |
| Others | 4,272,734 | 2,038,953 |
| Total segment assets | 704,526,658 | 423,931,967 |
| Unallocated | 130,081,576 | 103,066,671 |
| Consolidated assets | <u>834,608,234</u> | <u>526,998,638</u> |
| Segment liabilities | | |
| Financial services | - | - |
| Culture and media | 378,116 | - |
| Manufacturing | - | - |
| Others | 43,870 | - |
| Total segment liabilities | 421,986 | - |
| Unallocated | 236,115,916 | 192,591,424 |
| Consolidated liabilities | <u>236,537,902</u> | <u>192,591,424</u> |

4. SEGMENTAL INFORMATION - continued

For the purpose of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable and operating segments other than other receivables, bank balances and cash, and all liabilities are allocated to reportable and operating segments other than other payables, current and deferred tax liabilities.

During the year, the Group was principally involved in investing in companies with significant business involvement in the People's Republic of China ("PRC"). Accordingly, no analysis by geographical location is presented.

5. TAXATION

The tax (charge) credit for the year comprises:

| | THE GROUP | |
|--|-----------------------------|-----------------------------|
| | 2009 | 2008 |
| | US\$ | US\$ |
| | <u> </u> | <u> </u> |
| The Company and its subsidiaries: | | |
| Current tax: | | |
| Hong Kong | 423 | - |
| PRC - Enterprise Income Tax | <u>(34,384,870)</u> | <u>(18,435,323)</u> |
| | (34,384,447) | (18,435,323) |
| Deferred taxation | | |
| Current year | (65,164,579) | 192,971,447 |
| Attributable to the change in expected reversal date of temporary difference | <u>(4,425,458)</u> | <u>(8,754,226)</u> |
| Total | <u>(103,974,484)</u> | <u>165,781,898</u> |

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profits for the years. PRC Enterprise Income Tax 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 effective from 1 January 2008. The applicable tax rate for the Company is 10%.

6. BASIC EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the profit for the year of US\$263,605,624 (2008: a loss of US\$620,278,464) and the weighted average number of 149,145,600 ordinary shares (2008: 149,145,600 ordinary shares) of US\$0.10 each in issue during the year.

7. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of US\$598,070,332 (2008: US\$334,407,214) and 149,145,600 ordinary shares (2008: 149,145,600 ordinary shares) of US\$0.10 each in issue.

DIVIDEND

No interim dividend was declared during the year.

The Board of Directors has resolved to recommend at the forthcoming annual general meeting to be held on 19 May 2010 the payment of a final dividend of US\$0.04 (or HK\$0.31) per share (2008: Nil) and a special dividend of US\$0.06 (or HK\$0.47) per share (2008: Nil), totalling US\$0.10 (or HK\$0.78) per share, for the year ended 31 December 2009 to shareholders whose names appear on the register of members on 19 May 2010. The final and special dividends, if approved, are to be payable on 30 July 2010. Total dividend for the year is US\$0.10 (or HK\$0.78) per share, amounting to US\$14,914,560.

Shareholders who wish to receive the dividends in Hong Kong Dollars have to complete a Hong Kong Dollar dividend election form, a copy of which will be despatched with the Annual Report to shareholders, and return the same to the Company's Share Registrars on or before 29 June 2010. Shareholders who have submitted the dividend election form previously do not need to re-submit this form.

BOOK CLOSURE

The register of members of the Company will be closed from 17 May 2010 to 19 May 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final and special dividends to be approved at the forthcoming annual general meeting, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 14 May 2010.

REVIEW AND OUTLOOK

Overall Performance

China Merchants China Direct Investments Limited and its subsidiaries (the "**Group**") recorded a profit attributable to equity shareholders of US\$263.61 million for the year ended 31 December 2009, compared to a loss attributable to equity shareholders of US\$620.28 million for the same period last year. The reversal 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 31 December 2009, the net assets of the Group were US\$598.07 million (31 December 2008: US\$334.41 million), with a net asset value per share of US\$4.010 (31 December 2008: US\$2.242).

For the year 2009, the increase in fair value of the Financial Assets was US\$388.68 million (2008: a decrease in fair value of US\$783.31 million) and was concentrated in two of the Group's investments, namely China Merchants Bank Co., Ltd. ("**CMB**") and Industrial Bank Co., Ltd. ("**IBC**"), for which the fair values increased by US\$84.52 million and US\$138.83 million respectively as compared to the end of the previous year.

Total investment income for the year decreased by 34% from the same period last year to US\$8.44 million (2008: US\$12.77 million), due primarily to a decline in dividend income from CMB, IBC and China Credit Trust Co., Ltd.

Material Acquisitions and Disposals of Investments

In 2009, the Group increased its efforts in identifying new investment opportunities, with intensive due diligence and screening of projects in financial services, culture and media, energy, environmental protection, pharmaceuticals, manufacturing, hi-tech and consumer related industries. On 30 April 2009, the Group entered into an agreement with Guangzhou Digital Media Group Ltd. ("**Guangzhou Digital**"), pursuant to which the Group agreed to invest US\$30.77 million to acquire an equity interest of 21% in the enlarged capital of Guangzhou Digital. The transaction was completed on 26 August 2009. On 1 June 2009, the Group entered into an agreement with Inbank Media (China) Co., Ltd. ("**Inbank Media**"), pursuant to which the Group agreed to invest US\$4.39 million to acquire an equity interest of 9.09% in the enlarged capital of Inbank Media. Under 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, with a term of three years commencing from cash injection. The transaction was completed on 12 June 2009. On 14 July 2009, the Group entered into an agreement with Wuhan Rixin Technology Co., Ltd. ("**Wuhan Rixin**") and another investor, pursuant to which the Group agreed to invest US\$2.20 million to acquire an equity interest of 5% in the enlarged capital of Wuhan Rixin. The transaction was completed on 14 July 2009.

The Company convened an extraordinary general meeting on 15 December 2008 and was authorised to dispose of its entire holding of A shares of both CMB and IBC within a year, and at prices of not less than RMB4.62 per share and RMB7.78 per share, respectively. The Company convened another extraordinary general meeting on 14 December 2009 and was authorised to dispose of its entire holding of A shares of both CMB and IBC within a year, and at prices of not less than RMB5 per share and RMB12 per share, respectively. During 2009, the Group disposed of 34.00 million A shares of CMB and 17.80 million A shares of IBC, and the aggregate net proceeds were RMB1,018.43 million.

Liquidity, Financial Resources, Gearing and Capital Commitments

The Group's cash on hand increased by 27%, from US\$101.99 million at the end of last year to US\$129.60 million as of 31 December 2009, due primarily to the persistent sale of interests in CMB and IBC.

As of 31 December 2009, the Group had no outstanding bank loans (2008: Nil).

As of 31 December 2009, the Group had a capital commitment of US\$35.17 million (2008: Nil) for an investment that was duly approved, but not yet provided for 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 a slight increase of 0.09% in 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 31 December 2009, the Group's total investment was US\$704.52 million, which comprised US\$703.82 million in direct investments and US\$0.70 million in bonds. The sector distribution of direct investments was US\$611.94 million in financial services (representing 73.32% of the Group's total assets), US\$72.00 million in culture and media (representing 8.63% of the Group's total assets), US\$16.32 million in manufacturing (representing 1.95% of the Group's total assets), and US\$3.56 million in other ventures (including real estate, energy and resources, etc.) (representing 0.42% of the Group's total assets). In addition, cash on hand was US\$129.60 million, representing 15.53% of the Group's total assets as of 31 December 2009.

Prospects

In 2010, the world's major economies are expected to be in slow recovery, which leads to a promising external environment for the Chinese economy. As the stimulus policies continue to spur domestic consumption, stabilise high level of investments, and facilitate gradual recovery in exports, the overall Chinese economy is expected to maintain rapid growth throughout 2010. There are, however, risks of inflation and an overheating economy, particularly the potential impact of volatilities in the real estates market on the overall economic cycle. Moreover, at some point, the implementation of the State's "exit" policy will exert greater impact on the economy as a whole, all creating uncertainties to the steady and accelerating growth. In 2010, the level of overall corporate profits is expected to continue to improve, compared to 2009. In particular, flourishing development can be expected in the financial services, culture and media, pharmaceuticals, and new energy and resources sectors, which provides favourable market opportunities for the Group. Nevertheless, the volatility of economic growth and policy adjustments may have greater impact on the Group's operation and investment activities.

The Group will continue to make every effort to identify new potential investment projects, while maintaining an emphasis on investment opportunities in consumer goods (particularly focusing on consumption projects in the second and third tier cities), financial services, culture and media, pharmaceuticals, energy and environmental protection. The Group will also seek opportunity in assets switch in order to create greater shareholder value.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Company has complied with all the code provisions set out in Appendix 14 Code on Corporate Governance Practices of the Listing Rules throughout the year under review, except for the deviations as stated below:

According to the existing Investment Management Agreement, the portfolio and day-to-day administration of the Company are handled by the Investment Manager. Meanwhile, 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, and it is suitable for the Company to hold regular Board meeting twice a year at a minimum.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors and relevant employees. Having made specific enquiry to all Directors, the Company confirms that all Directors have complied with the Model Code throughout the year under review.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares.

By Order of the Board
LI Yinquan
Chairman

Hong Kong, 12 April 2010

As at the date hereof, the Board of Directors of the Company comprises eleven 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; two are Non-executive Directors, namely Mr. KE Shifeng and Mr. WANG Qi; and four are Independent Non-executive Directors, namely Mr. KUT Ying Hay, Mr. WANG Jincheng, Mr. LI Kai Cheong, Samson and Mr. LIU Baojie. In addition, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.