
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in **China Merchants China Direct Investments Limited**, you should at once hand this circular, together with the enclosed proxy form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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)

REQUISITION FROM CERTAIN SHAREHOLDERS FOR CONVENING AN EXTRAORDINARY GENERAL MEETING

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING NO. 2

THE BOARD RECOMMENDS SHAREHOLDERS TO

VOTE AGAINST

THE REQUISITION RESOLUTIONS

This circular is issued in conjunction with, and should be reviewed together with, the EGM No.1 Circular. A letter from the Board on the Requisition Resolutions is set out on pages 4 to 13. A notice convening the EGM No. 2 to be held as a hybrid meeting with principal meeting place at Tianshan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Friday, 29 November 2024 at 11:00 a.m. (or immediately after the conclusion or adjournment of the EGM No. 1) and online access through an online platform is set out on pages 14 to 15 of this circular. Whether or not you are able to attend and/or vote at the EGM No. 2 in person, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM No. 2 or any adjournment thereof. Completion and return of the proxy form shall not preclude you from subsequently attending and voting in person at the EGM No. 2 or any adjournment thereof should you so wish.

Hong Kong, 8 November 2024

GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING NO. 2

ATTENDING THE EGM NO. 2 BY MEANS OF ELECTRONIC FACILITIES

The EGM No. 2 will be held as a hybrid meeting. While Shareholders will not be able to attend physically at the principal meeting place of the EGM No. 2, they can instead attend, participate, raise questions and vote at the EGM No. 2 through online access by visiting the website at <https://meetings.computershare.com/CMCDI2024EGM2> (the “**Online Platform**”). Shareholders participating in the EGM No. 2 using the Online Platform will be deemed present at, and will be counted towards the quorum of, the EGM No. 2.

The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM No. 2 and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures. Please refer to the Online Meeting User Guide for the EGM No. 2 on the Investor Relations section of the Company’s website at www.cmcdi.com.hk for assistance.

Login details for registered Shareholders

Details regarding the EGM No. 2 arrangements, including login details to access the Online Platform, are included in the Company’s notification letter to registered Shareholders sent together with this circular.

Login details for non-registered Shareholders

Non-registered Shareholders who wish to attend, participate and vote at the EGM No. 2 using the Online Platform should:

- (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (together, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to attend the EGM No. 2; and
- (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

Details regarding the EGM No. 2 arrangements, including login details to access the Online Platform, will be sent by the Share Registrar of the Company, Computershare Hong Kong Investor Services Limited, to the email addresses of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholders who have provided an email address through the relevant Intermediary for this purpose but have not received the login details by email by 12:00 noon on Thursday, 28 November 2024 should reach out to the Share Registrar of the Company for assistance. Without the login details, non-registered Shareholders will not be able to participate and vote using the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING NO. 2

Registered and non-registered Shareholders should note that only one device is allowed per login. Please also keep the login details in safe custody for use at the EGM No. 2 and do not disclose them to anyone else. None of the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

The Company is not required to, and will not, independently verify the accuracy of the email addresses or other information provided by registered or non-registered Shareholders. The Company and its agents take no responsibility for all or any loss or other consequence caused by or resulting from any inaccuracy and/or deficiency in the information provided or any unauthorised use of the login details.

Voting through the Online Platform

Votes cast through the Online Platform are irrevocable once the voting session at the EGM No. 2 ends. Further, once the online voting has closed, the votes which a registered Shareholder has submitted through the Online Platform will supersede any votes which may be cast by his/her/its proxy (if any) at the EGM No. 2. The votes submitted through the Online Platform using the login details provided to the registered or non-registered Shareholders will be conclusive evidence that such votes were validly cast by such registered or non-registered Shareholders.

QUESTIONS AT THE EGM No. 2

Shareholders attending the EGM No. 2 using the Online Platform will be able to submit questions relevant to the proposed resolutions online during the EGM No. 2.

Whilst the Company will endeavour to respond to as many questions as possible at the EGM No. 2, due to time constraints, unanswered questions may be responded to after the EGM No. 2 as appropriate.

VOTING BY PROXY IN ADVANCE OF THE EGM NO. 2

Shareholders are encouraged to submit their completed proxy forms well in advance of the EGM No. 2. Return of a completed proxy form will not preclude Shareholders from attending and voting at the EGM No. 2 (or any adjournment or postponement thereof) through the Online Platform or in person should they subsequently so wish.

GUIDANCE FOR THE EXTRAORDINARY GENERAL MEETING NO. 2

ENQUIRIES

If Shareholders choosing not to attend the EGM No. 2 in person have any questions about the relevant resolutions, or about the Company or any matters for communication with the Board, they are welcome to contact the Company as follows:

Investor Relations
Email: info@cmcdi.com.hk
Tel: (852) 2858 9089
Fax: (852) 2858 8455

If Shareholders have any questions relating to the EGM No. 2, please contact Computershare Hong Kong Investor Services Limited, the Company's Share Registrar, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor,
Hopewell Centre, 183 Queen's Road East,
Wan Chai, Hong Kong
Website: www.computershare.com/hk/contact
Tel: (852) 2862 8555
Fax: (852) 2865 0990

CONTENTS

	<i>Page</i>
Guidance for the Extraordinary General Meeting No. 2	i
Definitions	1
Letter from the Board	4
Notice of the Extraordinary General Meeting No. 2.	14

DEFINITIONS

Unless the context otherwise requires, the following terms in this circular shall have the meanings set out below:

“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“associates”	shall have the same meaning as provided in the Listing Rules
“Board”	the board of directors of the Company from time to time
“CMCIM”	China Merchants China Investment Management Limited, a fund management company incorporated in Hong Kong with limited liability and registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CMG”	China Merchants Group Limited, a company incorporated in the PRC with limited liability which (through its associates) owns 55% of CMCIM and is also a substantial shareholder of the Company
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company” or “CMCDI”	China Merchants China Direct Investments Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 00133)
“Directors”	the directors of the Company
“EGM No. 1”	the extraordinary general meeting of the Company to be held as a hybrid meeting on 29 November 2024 at 10:00 a.m. to consider and, if thought fit, to pass an ordinary resolution to approve the new management agreement entered into by the Company with CMCIM on 18 October 2024 in relation to the re-appointment of CMCIM as the Company’s investment manager for a term of three years commencing from 1 January 2025, the transactions contemplated thereunder and the proposed annual caps, the notice of which is set out in the EGM No. 1 Circular
“EGM No. 1 Circular”	the circular of the Company dated 8 November 2024 in relation to the EGM No. 1

DEFINITIONS

“EGM No. 2”	the extraordinary general meeting of the Company to be held as a hybrid meeting on 29 November 2024 at 11:00 a.m. (or immediately after the conclusion or adjournment of the EGM No. 1) to consider and, if thought fit, approve the Requisition Resolutions, the notice of which is set out in pages 14 to 15 of this circular
“First Eastern”	First Eastern Investment Group, a renowned family office run by Mr. CHU Lap Lik, Victor and headquartered in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment Manager(s)”	has the meaning as defined under the section headed “The Requisition Letter” in this circular
“Latest Practicable Date”	1 November 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Ms. KAN”	Ms. KAN Ka Yee, Elizabeth, an executive Director and a member of the Investment Committee of the Company
“New Investment Management Agreement”	has the meaning as defined under the section headed “The Requisition Letter” in this circular
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Requisition Letter”	a letter of requisition from the Requisitionists to the Board received by the Company on 14 October 2024 and has been verified by the Company, requesting the Directors to convene an extraordinary general meeting of the Company for the purpose of considering and, if thought fit, passing the Requisition Resolutions proposed by the Requisitionists in the Requisition Letter
“Requisition Resolutions”	Requisition Resolution 1 and Requisition Resolution 2
“Requisition Resolution 1”	has the meaning as defined under the section headed “The Requisition Letter” in this circular
“Requisition Resolution 2”	has the meaning as defined under the section headed “The Requisition Letter” in this circular

DEFINITIONS

“Requisitionists”	(i) Loyang Street Limited; (ii) ASM Connaught House (Master) Fund III LP; (iii) ASM Connaught House (Master) Fund V LP; and (iv) ASM Co-Investment Term Trust I, collectively holding at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings as at the date of the Requisition Letter
“Share(s)”	the ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

LETTER FROM THE BOARD



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)

Directors:

Mr. ZHOU Xing* (*Chairman*)
Mr. ZHANG Rizhong*
Mr. WANG Xiaoding[#]
Ms. KAN Ka Yee, Elizabeth[#]
Mr. KE Shifeng*
Mr. TSE Yue Kit*
Mr. TSANG Wah Kwong**
Dr. LI Fang**
Dr. GONG Shaolin**
Mr. Michael Charles VITERI**
Mr. ZHU Qi**

Registered office:

1609, Three Pacific Place,
1 Queen's Road East,
Hong Kong

[#] *Executive Directors*

* *Non-executive Directors*

** *Independent Non-executive Directors*

8 November 2024

To the Shareholders

Dear Sir or Madam,

**REQUISITION FROM CERTAIN SHAREHOLDERS FOR CONVENING AN
EXTRAORDINARY GENERAL MEETING**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING NO. 2

INTRODUCTION

Reference is made to the announcements of the Company dated 15 October 2024 and 24 October 2024 in relation to the Requisition Letter. The purpose of this circular is to provide the Shareholders with information relating to the background of the Requisition Letter and the Requisition Resolutions to be proposed at the EGM No. 2 raised by the Requisitionists.

LETTER FROM THE BOARD

Shareholders are advised to read this circular thoroughly and carefully before deciding how to vote on the Requisition Resolutions.

THE REQUISITION LETTER

On 14 October 2024, the Board received the Requisition Letter from the Requisitionists purportedly made pursuant to the article 70 of the Articles of Association and section 566 of the Companies Ordinance, in which the Requisitionists raised a requisition to the Directors to convene an extraordinary general meeting for considering and, if thought fit, passing the following ordinary resolutions:

- “1. THAT the term of all New Investment Management Agreement(s) shall be at most one (1) year, and that the Directors of the Company are not authorized to execute for and on behalf of the Company any New Investment Management Agreement(s) with a term of more than one (1) year (**“Requisition Resolution 1”**).
2. THAT Ms. KAN Ka Yee, Elizabeth be removed from her position as an executive Director and a member of the Investment Committee of the Company with immediate effect upon passing of this resolution (**“Requisition Resolution 2”**).

whereas **“New Investment Management Agreement(s)”** means investment management agreement(s) to be entered into (or renewed) between the Company and the Investment Manager(s), including the one that is anticipated to be entered into (or renewed) in 2024; and

whereas **“Investment Manager(s)”** means China Merchants China Investment Management Limited, or any other investment manager(s) affiliated with the China Merchants Group and/or Mr. CHU Lap Lik, Victor.”

The Board, having verified the requisition and considered the details in the Requisition Letter, has resolved to put forward the Requisition Resolutions at the EGM No. 2 to the Shareholders.

As at the date of receipt of the Requisition Letter, the Requisitionists were members of the Company holding Shares representing approximately 9.37% of the total issued share capital of the Company.

THE ARTICLES OF ASSOCIATION AND THE COMPANIES ORDINANCE

Pursuant to article 70 of the Articles of Association and Section 566 of the Companies Ordinance, the Directors are required to call a general meeting of the Company if the Company has received requests to do so from members of the Company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings. In accordance with Section 567 of the Companies Ordinance, the Directors must call a meeting within 21 days after the date on which they become subject to the requirement under Section 566 of the Companies Ordinance and such meeting must be held on a date not more than 28 days after the date of the notice convening the meeting.

LETTER FROM THE BOARD

Further, pursuant to Article 111 of the Articles of Association, the Company may, by ordinary resolution, remove any Director before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and the Director.

REASONS FOR THE REQUISITION RESOLUTIONS

Regarding Requisition Resolution 1, the Requisitionists alleged that the share price of the Company was trading at 0.49x of its net asset value and that the actual discount was possibly even larger, and also larger than similar China-focused closed-end funds managed by other reputable fund managers. Additionally, the Requisitionists claimed that CMCIM charged higher fees than its peers. The Requisitionists also noted that the Company had historically renewed its investment management agreement every three years, the longest duration allowed by the Listing Rules, but shorter terms were permitted and might enhance corporate governance and allow Shareholders to have better scrutiny on the performance of the Investment Manager. The Requisitionists proposed that any New Investment Management Agreements, including the upcoming renewal in 2024, should have a term of no more than one year so that the Shareholders could review the performance of the Investment Manager and decide whether to terminate or renew the engagement on an annual basis.

Regarding Requisition Resolution 2, the Requisitionists expressed concerns about the potential conflict of interest involving Ms. KAN, an executive Director who also holds a senior position at First Eastern, a venture capital firm alleged to have invested heavily in the same sector as the Company, namely, advanced technology start-ups in China. They also argued that Ms. KAN's lack of expertise in this specific investment domain raised doubts about her ability to effectively manage the Company. Furthermore, the Requisitionists highlighted that at the annual general meeting of the Company on 20 June 2024, 29.44% outstanding Shares were voted against the re-election of Ms. KAN and 29.97% outstanding Shares were voted in favour, which they believed were predominantly owned by CMG and Mr. CHU Lap Lik, Victor and/or their respective affiliates.

VIEWS AND RECOMMENDATIONS OF THE BOARD

The Directors (including all independent non-executive Directors and excluding Ms. KAN Ka Yee, Elizabeth who did not express her views due to possible conflict of interest by virtue of her beneficial interest in CMCIM and abstained from voting on and was not counted in the quorum for the relevant resolution of the Board) take the view that the Requisitioned Resolution 1 is not in the interests of the Company and the Shareholders as a whole, and recommend the Shareholders to vote AGAINST Requisitioned Resolution 1.

The Directors (including all independent non-executive Directors and excluding Ms. KAN Ka Yee, Elizabeth who abstained from voting on and was not counted in the quorum for the relevant resolution of the Board regarding her proposed removal) take the view that the Requisitioned Resolution 2 is not in the interests of the Company and the Shareholders as a whole, and recommend the Shareholders to vote AGAINST Requisitioned Resolution 2.

LETTER FROM THE BOARD

The principal reasons and consideration taken into account by the Directors in making the recommendations are as follows:

(a) Requisitioned Resolution 1

Reference is made to the announcement of the Company dated 18 October 2024 and the EGM No. 1 Circular regarding a new management agreement entered into by the Company with CMCIM on 18 October 2024. As stated in the section titled “Reasons For And Benefits Of Entering Into The New Management Agreement With A Three-year Term” of the EGM No. 1 Circular, the Company believes that for all practical operational purposes and as a generally accepted market practice, entering into a new management agreement for 3 years instead of 1 year better suits the nature of the Company’s business operations and investment horizons. For more details, please refer to the EGM No. 1 Circular.

The Company’s investment objective is to acquire quality investments, principally in unlisted enterprises, in the PRC. Investing in unlisted companies involves a lengthy process that includes origination, due diligence, negotiation, decision-making, execution, and closing. These stages require considerable time and expertise to ensure sound investment decisions are made. Moreover, unlisted investments often have a longer growth horizon, requiring time to realise their growth potentials and maximise returns during divestments. A three-year term allows CMCIM sufficient time to navigate these complexities effectively, ensuring that the Company can meet its investment objectives responsibly.

Renewing the investment management agreement with CMCIM, or transitioning to a new investment manager every year would also incur significant costs. These costs could include negotiation of a new agreement, potential disruptions in investment activities and possibly costs concerning the identification and selection of a new investment manager and comprehensive due diligence. The current investment manager, CMCIM, has provided investment management services to the Company since its inception in 1993, and possesses valuable knowledge of the Company’s investment strategies and established relationships with the existing investee companies that would be difficult to replicate. Disrupting this continuity could adversely affect the performance of the Company’s portfolio. Therefore, maintaining the Company’s relationship with CMCIM through a three-year agreement is a decision that best serves the interests of all Shareholders.

Furthermore, it is a common industry standard for investment management agreements to span three years, especially in the context of private equity and unlisted investments. Shortening the term to one year could create instability and hinder the Investment Manager’s ability to execute long-term strategies effectively. A three-year term not only aligns with market practices as well as the requirements under Chapter 14A of the Listing Rules, but also fosters a stable environment conducive to executing the Company’s long-term investment strategy without the disruption of frequent evaluations or potential changes in management.

LETTER FROM THE BOARD

The Company also believes that the Investment Manager's performance can be effectively monitored and evaluated through regular reporting and interim assessments throughout the three-year period. The Board will ensure that performance metrics are transparent and that Shareholders are kept informed of the Investment Manager's progress. This approach balances oversight of the Investment Manager with the necessary stability for strategic investment decisions.

Recommendation for Requisition Resolution 1

*Accordingly, the Directors (including all independent non-executive Directors and excluding Ms. KAN Ka Yee, Elizabeth) strongly recommend the Shareholders to **vote AGAINST** Requisitioned Resolution 1.*

(b) Requisitioned Resolution 2

As stated in the circular of the Company dated 24 May 2024 in relation to, among other things, the re-election of Ms. KAN as a Director, Ms. KAN has been an executive Director and a member of the Investment Committee since April 2020, and an alternate Director from 1999 to 2020 and deputy managing director of CMCIM from 1993 to 2006. This brings over 30 years of relevant experience to her role. As a founding member and managing director of First Eastern since 1988, she has cultivated deep industry knowledge in venture capital and technology start-ups.

Ms. KAN's broad experience and leadership in various capacities, including her roles on the boards of several reputable companies, highlight her capability to contribute effectively to the Company. Additionally, Ms. KAN, by background of her professional qualifications, is a Certified Public Accountant in the U.S.A., a Fellow Member of the Hong Kong Institute of Certified Public Accountants, and a member of the Hong Kong Securities and Investment Institute. This extensive expertise is invaluable to the Company.

Ms. KAN's biography is set out in full as follows:

“Ms. KAN Ka Yee, Elizabeth (Executive Director)

Ms. KAN Ka Yee, Elizabeth, aged 66, has been an Executive Director and a Member of the Investment Committee of the Company since April 2020. She was an Alternate Director of the Company from May 1999 to April 2020. Ms. KAN was Deputy Managing Director and a Director of the Investment Manager from 1993 to 2006. She has been re-appointed as a Director of the Investment Manager since October 2017. Ms. KAN is Managing Director of First Eastern Investment Group with which she is a founding member since its establishment in 1988. She serves on boards of various companies which include Camper & Nicholsons Marina Investments Limited, Sustainable Development Capital (Asia) Limited and Grand Harbour Marina PLC, a company listed on the Malta Stock Exchange. Ms. KAN is licensed with the Securities and Futures Commission in Hong Kong. She is a Certified Public Accountant (U.S.A.) and a Fellow Member of the Hong Kong Institute of Certified Public Accountants. Ms. KAN is also a Member of the Hong Kong Securities and Investment Institute. She began her professional career with the

LETTER FROM THE BOARD

Hong Kong office of Arthur Andersen & Co. in the area of audit and business advisory services. Ms. KAN obtained her Bachelor of Science degree in Business Administration and Accounting and Bachelor of Arts degree in Economics from the University of Minnesota, Minneapolis, USA.”

Ms. KAN had submitted her written responses to the Board to similar questions and concerns as those raised in the Requisition Letter prior to and at the Company’s annual general meeting held on 20 June 2024, particulars of which are set out below.

“The Board noticed that prior to and at CMCDI’s annual general meeting convened on 20 June 2024, some shareholders raised such questions and expressed concerns. Ms. KAN did have submitted her written responses to the Board and an extract of such responses are hereby made public with her consent:

“I refer to the E-mail of 27th May addressed to the Board of CMCDI from Brian Liu of ASM. The E-mail raised a number of misconceived questions which I am pleased to respond as follows:

1. Any conflict between my role at First Eastern and my board membership at CMCDI?

As you know, CMCDI is an investment company listed on the HK Stock Exchange under Chapter 21 of the Listing Rules. As such its investment portfolio and day to day administration are managed by its investment manager, CMCIM, under an investment management agreement. CMCIM has its own team of investment professionals (separate from First Eastern) responsible for deal sourcing, evaluation, execution and ongoing monitoring of CMCDI’s investments. The main responsibility of CMCDI’s board, therefore, is to formulate the company’s overall investment strategy and implement its corporate governance duties.

I do not consider my role at First Eastern conflicts with my board responsibilities at CMCDI. In any event potential competing interests of board members associated with China Merchants and First Eastern have been fully disclosed and any conflict can be dealt with pursuant to established procedures.

2. FE Securities and trading in China Merchants Bank shares

FE Securities is a licensed stockbroker in Hong Kong whose business is dealing in shares on behalf of clients. Contrary to what has been suggested, FE Securities’ execution of client orders on CMB shares for the past 10 years was very modest and totaled only 124,103 shares with a gross value of HK\$3.62 million. None of these transactions involved Mr. Victor Chu, myself or our related entities.

3. CMCDI shareholding

I have no beneficial interest in any CMCDI shares.

LETTER FROM THE BOARD

4. High Tech investments

CMCDI has a diversified portfolio of investments which includes technology projects. I believe CMCDI board members collectively provide a diversified set of professional skills and China investment experience appropriate for our fund.

5. Other directorships

Under the Listing Rules, board memberships on listed companies are required to be disclosed, which have been fully complied with. My other directorships have of course been reported to the SFC in the normal way.”

- On 14 October 2024, CMCDI received a letter dated 9 October 2024 issued by various company and entities which purport to hold shares in CMCDI representing over 5 per cent of total voting rights of all the shareholders of CMCDI having a right to vote at general meeting, to request the Board to call an extraordinary general meeting to be held for considering and, if thought fit, among other things, passing an ordinary resolution to remove Ms. KAN from her position as an Executive Director and a member of the investment committee of CMCDI with immediate effect upon the passing of the resolution. CMCDI announced on 15 October 2024 that it is verifying the requisition and considering such request and the appropriate course of action.*
- On 18 October 2024, Ms. KAN submitted another written reply to the Board. With her approval, the reply is hereby made public as follows:*

“ I refer to my E-mail of 31st May 2024 to you, addressing the questions raised by Argyle Street Management Limited (“ASM”) about myself. Since then, we have seen more actions taken by ASM, the latest being the requisition for an EGM. As such, I would like to reiterate my response so that all shareholders of CMCDI may have a fully informed picture of myself in relation to those misconceived questions.

1. Any conflict between my role at First Eastern and my board membership at CMCDI?

As you know, CMCDI is an investment company listed on the HK Stock Exchange under Chapter 21 of the Listing Rules. As such, its investment portfolio and day-to-day administration are managed by its investment manager, CMCIM, under an investment management agreement. CMCIM has its own team of investment professionals (separate from First Eastern) responsible for deal sourcing, evaluation, execution and ongoing monitoring of CMCDI’s investments. The main responsibility of CMCDI’s board, therefore, is to formulate the Company’s overall investment strategy and implement its corporate governance duties.

I do not consider that my role at First Eastern conflicts with my board responsibilities at CMCDI. In any event, potential competing interests of board members associated with China Merchants and First Eastern have been fully disclosed and any conflict are dealt with pursuant to established procedures.

LETTER FROM THE BOARD

2. FE Securities and trading in China Merchants Bank shares?

FE Securities is a licensed stockbroker in Hong Kong whose business is dealing in shares on behalf of clients. Contrary to what has been suggested, FE Securities' execution of client orders on China Merchants Bank shares for the past 10 years was very modest and totaled only 124,103 shares with a gross value of HK\$3.62 million. None of these transactions involved Mr. Victor Chu, myself or our related entities.

3. CMCDI shareholding

I have never held any CMCDI shares.

4. High Tech investments

CMCDI has a diversified portfolio of investments which includes technology projects. I believe that CMCDI board members collectively provide a diversified set of professional skills as well as China investment experience that are appropriate for our fund.

By background, I am a Fellow Member of the HK Institute of Certified Public Accountants, and a Member of the HK Securities and Investment Institute. I began my professional career with the Hong Kong office of Arthur Andersen & Co., an international accounting firm, in the area of audit and business advisory services. I have been involved in the direct investment and investment advisory activities of First Eastern since 1988. Since the inception of CMCDI and CMCIM, I have been a director of CMCIM, for most of the time, playing an important role in the management of CMCIM and CMCDI, including the investment strategies over the years, which has led to its success today. Given my involvement with CMCDI and CMCIM since its inception, I believe that my historical institutional knowledge, international experience and my professional qualification can supplement the knowledge and perspective brought by other members of the Board — strengthening and supporting the diversity of expertise of the Board.

5. Other directorships

I have complied fully with the relevant Listing Rules to disclose my board memberships at listed companies. My other directorships, which ASM has alluded to, are primarily holding companies that are related to my roles at First Eastern Group. All of these external directorship roles have been reported to the SFC as required and in the normal way”

CMCIM has its own team of investment professionals (separate from First Eastern) responsible for deal sourcing, evaluation, execution and ongoing monitoring of the Company's investments. The main responsibility of the Board, therefore, is to formulate the Company's overall investment strategies and implement its corporate governance duties. The Company does not consider that Ms. KAN's role at First Eastern conflicts with her board responsibilities at the Company. In any event, any potential competing interests of Board members associated with

LETTER FROM THE BOARD

CMG and First Eastern have been fully disclosed at or prior to the relevant meeting of the Board or its committee and any such conflict can be dealt with pursuant to established procedures that a Director shall not vote on any resolution approving any contract or arrangement or proposal in which he or she or any of his/her close associates have a material interest. Additionally, Ms. KAN has never held any Shares, either directly or through her connection with Victor Chu China Investment Limited. The disclosed interest of Mr. CHU Lap Lik, Victor in 3,030,024 Shares is held by Victor Chu China Investment Limited's associates, in which Ms. KAN has no beneficial interest.

Furthermore, to the best of the Directors' knowledge, Ms. KAN has always complied with the Corporate Governance Code under the Listing Rules, the Corporate Governance Guide for Boards and Directors of the Stock Exchange, and any other relevant corporate governance requirements. Moreover, Ms. KAN always follows established procedures and does not participate in votes or decisions related to transactions where she has a potential conflict, and complies with the Listing Rules and the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission published by the Securities and Futures Commission of Hong Kong in all aspects in relation to this, which ensures that all decisions are made in the best interest of the Company and the Shareholders and maintains the integrity of the Board.

The Board believes the removal of Ms. KAN as a Director could disrupt the continuity and stability of the Board, particularly given her historical and international experience and understanding of the Company's operations. Her removal would lead to a loss of substantial institutional knowledge which the Company has had access to and has benefitted from for a long time and which would not be replaceable at the Board level. Such disruption could hinder ongoing projects and relationships that are critical to the Company's strategic objectives. At the annual general meeting of the Company held on 20 June 2024, the resolution to approve Ms. KAN's re-election as a Director was passed by a majority of 50.443% of the votes cast for such resolution versus 49.557% of the votes cast against such resolution, out of the total number of 90,495,268 Shares voted on such resolution (representing approximately 59.41% of the total number of issued Shares). The Company notes that the majority of Shareholders actually voted for Ms. KAN's re-election, indicating the Shareholders' appreciation for Ms. KAN's contributions and the strategic direction she helps provide. The Company values diverse perspectives from the members of the Board, and Ms. KAN's participation in the Company's decision-making processes helps strengthen and support the diversity of expertise of the Board.

Recommendation for Requisition Resolution 2

*Accordingly, the Directors (including all independent non-executive Directors and excluding Ms. KAN Ka Yee, Elizabeth) strongly recommend the Shareholders to **vote AGAINST** Requisitioned Resolution 2.*

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING NO. 2

A notice of the EGM No.2 to be held as a hybrid meeting with principal meeting place at Tianshan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Friday, 29 November 2024 at 11:00 a.m. (or immediately after the conclusion or adjournment of the EGM No. 1) and online access through an online platform at which the Requisition Resolutions will be proposed to the Shareholders, is set out on pages 14 to 15 of this circular.

In accordance with Rule 13.39(4) of the Listing Rules, the votes to be taken at the EGM No. 2 will be taken by poll. The Company will announce at EGM No. 2 the poll results of EGM No.1 before taking the poll for the Requisition Resolutions. An announcement of the poll results of the EGM No. 2 will also be published on the date of the EGM No. 2 or the business day following the EGM No. 2.

CMCIM is owned as to 55% by CMG (through its associates) and as to 45% by Victor Chu China Investment Limited. As at the Latest Practicable Date, the associates of CMG collectively held 42,022,041 Shares (representing 27.59% interests in the Company), whereas the associates of Victor Chu China Investment Limited collectively held 3,030,024 Shares (representing 1.99% interests in the Company). Therefore, the respective associates of CMG and Victor Chu China Investment Limited, as the case may be, are entitled to exercise control over the voting right in respect of 45,052,065 Shares (representing 29.58% interests in the Company) and deemed to have material interests in the transaction contemplated under Requisition Resolution 1 and shall abstain from voting on Requisition Resolution 1 at the EGM No. 2.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on Requisition Resolution 2 at the EGM No. 2.

ACTION TO BE TAKEN

A form of proxy for use at the EGM No. 2 is also enclosed with this circular. Whether or not you are able to attend and/or vote at the EGM No. 2 in person, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM No. 2 or any adjournment thereof. Completion and return of the proxy form shall not preclude you from subsequently attending and voting in person at the EGM No. 2 or any adjournment thereof should you so wish.

By Order of the Board
WANG Xiaoding
Director



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting no. 2 of China Merchants China Direct Investments Limited (the “**Company**”) will be held as a hybrid meeting with principal meeting place at Tianshan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong and online access through an online platform on Friday, 29 November 2024 at 11:00 a.m. (or immediately after the conclusion or adjournment of the EGM No. 1), to consider, and, if thought fit, pass the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

- “1. **THAT** the term of all New Investment Management Agreement(s) shall be at most one (1) year, and that the Directors of the Company are not authorized to execute for and on behalf of the Company any New Investment Management Agreement(s) with a term of more than one (1) year.”
- “2. **THAT** Ms. KAN Ka Yee, Elizabeth be removed from her position as an executive Director and a member of the Investment Committee of the Company with immediate effect upon passing of this resolution.

whereas “**New Investment Management Agreement(s)**” means investment management agreement(s) to be entered into (or renewed) between the Company and the Investment Manager(s), including the one that is anticipated to be entered into (or renewed) in 2024; and

whereas “**Investment Manager(s)**” means China Merchants China Investment Management Limited, or any other investment manager(s) affiliated with the China Merchants Group and/or Mr. CHU Lap Lik, Victor.”

By Order of the Board
WANG Xiaoding
Director

Hong Kong, 8 November 2024

NOTICE OF THE EXTRAORDINARY GENERAL MEETING NO.2

Notes:

- (1) The Extraordinary General Meeting No. 2 will be held as a hybrid meeting and will be conducted in Mandarin. Shareholders participating in the Extraordinary General Meeting No. 2 electronically will also be counted towards the quorum and they will be able to cast their votes and submit questions through the Online Platform. Details of the Online Platform are set out in the circular to the Shareholders dated 8 November 2024.
- (2) A member entitled to attend, speak and vote at the meeting is entitled to appoint more than one proxy to attend, speak and vote instead of him. A proxy needs not be a member of the Company.
- (3) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such authority, must be deposited at the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting.
- (4) As at the date hereof, the executive Directors are Mr. WANG Xiaoding, and Ms. KAN Ka Yee, Elizabeth; the non-executive Directors are Mr. ZHOU Xing, Mr. ZHANG Rizhong, Mr. KE Shifeng and Mr. TSE Yue Kit; and the independent non-executive Directors are Mr. TSANG Wah Kwong, Dr. LI Fang, Dr. GONG Shaolin, Mr. Michael Charles VITERI and Mr. ZHU Qi.