

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)

CONNECTED TRANSACTION

TEMPORARY RE-APPOINTMENT OF

CHINA MERCHANTS CHINA INVESTMENT MANAGEMENT LIMITED

AS INVESTMENT MANAGER

Reference is made to the poll results announcements of the Company dated 29 November 2024 and the Announcement of the Company regarding matters in relation to the appointment of investment manager as a result of the poll results of the EGM No.1 and the extraordinary general meeting no.2 held on 29 November 2024 dated 29 November 2024. As disclosed in the Announcement, the ordinary resolution proposed at EGM No.1 to approve the Three-Year Management Agreement and the proposed annual caps was not passed. Therefore, the Three-Year Management Agreement has not become effective and has thus terminated.

In view of the Three-Year Management Agreement not taking effect and that the Existing Management Agreement will expire on 31 December 2024, in order to provide sufficient time for the Company to consider and decide on and to ensure continuity in the investment management operations of the Company, the Company entered into the Temporary Management Agreement with CMCIM on 17 December 2024 for the temporary re-appointment of CMCIM as the Company's investment manager for the Management Period which will commence immediately following the expiry date of the Existing Management Agreement on 31 December 2024.

CMCIM, as the investment manager of the Company since 1993, is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules. Accordingly, the entering of the Temporary Management Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the Temporary Management Agreement is higher than 0.1% but less than 25% and the total consideration contemplated under the Temporary Management Agreement is less than HK\$10,000,000, the entering into of the Temporary Management Agreement is subject to the reporting and announcement requirements, but exempt from the circular and the independent shareholders' approval requirements under Rule 14A.76(2)(b) of the Listing Rules.

THE TEMPORARY MANAGEMENT AGREEMENT

Reference is made to the poll results announcements of the Company dated 29 November 2024 and the Announcement of the Company regarding matters in relation to the appointment of investment manager as a result of the poll results of the EGM No.1 and the extraordinary general meeting no.2 held on 29 November 2024 dated 29 November 2024. As disclosed in the Announcement, the ordinary resolution proposed at EGM No.1 to approve the Three-Year Management Agreement and the proposed annual caps was not passed. Therefore, the Three-Year Management Agreement has not become effective and has thus terminated.

In view of the Three-Year Management Agreement not taking effect and that the Existing Management Agreement will expire on 31 December 2024, in order to provide sufficient time for the Company to consider and decide on and to ensure continuity in the investment management operations of the Company, the Company entered into the Temporary Management Agreement with CMCIM on 17 December 2024 for the temporary re-appointment of CMCIM as the Company's investment manager for the Management Period which will commence immediately following the expiry date of the Existing Management Agreement on 31 December 2024.

Principal terms

The principal terms of the Temporary Management Agreement are as follows:

- | | |
|----------------------|---|
| Term of appointment: | The appointment of CMCIM is for a fixed term of six months, commencing on 1 January 2025 and ending on 30 June 2025. |
| Services: | CMCIM shall undertake all investment and management duties arising pursuant to the operations of the Company, and the responsibilities of CMCIM shall include identifying and evaluating investment opportunities, executing investment decisions, monitoring and enhancing investments of the Group, making decisions on investments and realisations for the Group in accordance with the investment objectives and policy of the Company as described in the Prospectus and as from time to time laid down by the Directors, managing the corporate affairs of the Company and dealing with its day-to-day administration. |
| Remuneration: | The Company shall pay to CMCIM a management fee of HKD9.90 million (or the equivalent amount in US dollars or RMB), payable in two equal instalments of HKD4.95 million (or the equivalent amount in US dollars or RMB) each on 1 January 2025 and 1 April 2025 respectively. |

REASONS FOR AND BENEFITS OF ENTERING INTO THE TEMPORARY MANAGEMENT AGREEMENT

In view of the Three-Year Management Agreement not taking effect and that the Existing Management Agreement will expire on 31 December 2024, the entering into of the Temporary Management Agreement with CMCIM in relation to the temporary re-appointment of CMCIM as the Company's investment manager for the Management Period ensures continuity in the Company's investment management operations during this transitional period. The Temporary Management Agreement provides the Company with the necessary time to assess its options and determine its best alternatives while ensuring that there will be minimal disruption to the Group's ongoing investment activities.

The one-off Management Fee which was determined by negotiation between the Company and CMCIM is significantly below the market rate, reflecting a favourable arrangement for the Company. Furthermore, given CMCIM's extensive experience having provided investment management services to the Company since its inception in 1993, and the broad range of services that CMCIM provides including investment sourcing, execution, accounting, compliance and oversight of service providers, the Temporary Management Agreement will ensure that the Group's operations will continue smoothly during the aforesaid transitional period.

LISTING RULE IMPLICATIONS

CMCIM, as the investment manager of the Company since 1993, is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules. Accordingly, the entering of the Temporary Management Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the Temporary Management Agreement is higher than 0.1% but less than 25% and the total consideration contemplated under the Temporary Management Agreement is less than HK\$10,000,000, the entering into of the Temporary Management Agreement is subject to the reporting and announcement requirements, but exempt from the circular and the independent shareholders' approval requirements under Rule 14A.76(2)(b) of the Listing Rules.

VIEWS OF DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the terms of and the transaction contemplated under the Temporary Management Agreement are better than normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its shareholders as a whole.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors has a material interest in the Temporary Management Agreement, saved for Ms. KAN Ka Yee, Elizabeth, who is interested in the Temporary Management Agreement by virtue of her beneficial interest in CMCIM and has abstained from voting on (and was not counted in the quorum for) the relevant resolutions of the Board approving the same.

INFORMATION IN RESPECT OF THE COMPANY AND CMCIM

The Company is an investment company, the Shares of which are listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. The Company specialises in investing in the PRC. Its investment objective is to acquire quality investments, principally in unlisted enterprises, in the PRC. The Company may also invest in China-concept shares through the secondary securities market.

CMCIM is a fund management company which manages the investment portfolio and deals with day-to-day administration of the Company. Pursuant to the Existing Management Agreement, CMCIM is responsible for identifying and researching prospective investments for the Group. The Board is responsible for formulating the Company's overall investment strategy and guidelines that CMCIM shall follow in making investments.

GENERAL

CMCIM is owned as to 55% by CMG (through its associates) and as to 45% by Victor Chu China Investment Limited. CMG is a state-owned enterprise of the PRC principally engaged in

transportation, financial services and real estate. The ultimate beneficial owners of Victor Chu China Investment Limited are Mr. CHU Lap Lik, Victor (80%) and Ms. KAN Ka Yee, Elizabeth (20%). As at the date of this announcement, the associates of CMG collectively hold approximately 27.59% shareholding interests in the Company, whereas the associates of Victor Chu China Investment Limited collectively hold approximately 2.05% shareholding interests in the Company.

DEFINITIONS

“Announcement”	the voluntary announcement of the Company regarding matters in relation to the appointment of investment manager as a result of the poll results of the EGM No.1 and the extraordinary general meeting no.2 held on 29 November 2024 dated 29 November 2024
“associates”	the same meaning as is 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
“Company”	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
“Existing Management Agreement”	the investment management agreement entered into between the Company and CMCIM dated 18 October 2021, the term of which will expire on 31 December 2024
“EGM No.1”	the extraordinary general meeting of the Company held as a hybrid meeting on 29 November 2024 at 10:00 a.m. to consider and, if thought fit, approve the Three-Year Management Agreement and the transactions contemplated thereunder and the proposed annual caps
“Group”	the Company and its subsidiaries

“HKD”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Management Period”	the term of appointment of CMCIM for a fixed term of six months commencing on 1 January 2025 and ending on 30 June 2025 under the Temporary Management Agreement
“Management Fee”	the management fee of HKD9.90 million (or the equivalent amount in US dollars or RMB), to be paid to CMCIM by the Company in two equal instalments of HKD4.95 million (or the equivalent amount in US dollars or RMB) each, on 1 January 2025 and 1 April 2025 respectively under the Temporary Management Agreement
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus dated 15 July 1993 issued by the Company in connection with the placing of Shares on the terms described therein
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary shares in the issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Temporary Management Agreement”	the investment management agreement dated 17 December 2024 entered into between the Company and CMCIM in relation to the provision of investment management services from 1 January 2025 to 30 June 2025
“Three-Year Management Agreement”	the investment management agreement dated 18 October 2024 entered into between the Company and CMCIM in relation to the provision of investment management services from 1 January 2025 to 31 December 2027
“US dollar”	United States Dollars, the lawful currency of the United States of America

“0%”

per cent

By Order of the Board
WANG Xiaoding
Director

Hong Kong, 17 December 2024

As at the date hereof, the Executive Directors of the Company 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.