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CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED

招商局中國基金有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 133)

TRANSACTION FOR CONVERTIBLE LOAN TO QINGHAI LAKE TOURISM

China Merchants China Direct Investments Limited (the “**Company**”) announces that Shenzhen Tian Zheng Investment Co., Ltd. (“**Tian Zheng**”), a wholly-owned subsidiary of the Company, entered into an agreement for a loan convertible into equity interest on 1 August 2017 in relation to 青海省青海湖旅遊集團有限公司 (Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd.*, “**Qinghai Lake Tourism**”), pursuant to which Tian Zheng agrees to advance cash of RMB200,000,000 to Qinghai Lake Tourism for a period of 3 years, and has the right to convert such fund into shareholding in Qinghai Lake Tourism during such period, subject to the fulfillment of certain precedent conditions.

Information on Qinghai Lake Tourism

As the Company understands, Qinghai Lake Tourism was established in May 2008. Currently, its main businesses include investment, development and operation of tourism projects, development and sale of tourism products, sale of ethnic handicrafts, car rental and car parking services, business agents, water transport and travel, art performances, etc. It is a tourism operator which focuses on Qinghai Lake, a national 5A-class scenic spot.

Reasons for and Benefits of the Transaction for Convertible Loan to Qinghai Lake Tourism

With the continual development of China’s economy, the consumption power and consumption demands of its people have been rising, and leisure and sightseeing travel has become the key consuming sector. Qinghai Lake possesses top tourism resources and is a popular travel destination in China, and its tourism industry has huge development potential. The Company believes that the industry in which Qinghai Lake Tourism operates and the related sectors to which it provides tourism services will have broad market prospects in the future.

The Company believes that the transaction for convertible loan to Qinghai Lake Tourism will provide an opportunity for the Company to increase its proportion of investment in the tourism industry in the culture, media and consumption segment, which will lead to an enhanced balance in the Company's investment portfolio.

For and on behalf of
CHINA MERCHANTS CHINA DIRECT
INVESTMENTS LIMITED
WANG Xiaoding
Director

Hong Kong, 1 August 2017

**For identification purposes only*

As at the date hereof, the Executive Directors of the Company are Mr. HONG Xiaoyuan, Mr. CHU Lap Lik, Victor, Mr. WANG Xiaoding and Mr. TSE Yue Kit; the Non-executive Directors are Mr. KE Shifeng and Mr. ZHANG Rizhong; and the Independent Non-executive Directors are Mr. LIU Baojie, Mr. TSANG Wah Kwong and Dr. LI Fang. In addition, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.