
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 effected 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)

POSSIBLE MAJOR TRANSACTION

**MANDATE IN RELATION TO THE DISPOSAL OF SHARES IN
INDUSTRIAL BANK CO., LTD.**

A letter from the Board is set out on pages 3 to 10 of this circular.

A notice convening the extraordinary general meeting of the Company to be held at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong at 10 a.m. on Friday, 10 March 2017 is set out on pages 23 to 24 of this circular. Whether or not you are able to attend and/or vote at the EGM in person, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return it to the registered office of the Company at 1609, Three Pacific Place, 1 Queen's Road East, 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 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 or any adjournment thereof should you so wish.

Hong Kong, 21 February 2017

CONTENTS

| | <i>Page</i> |
|-------------------------------------------------------------------------|-------------|
| Definitions | 1 |
| Letter from the Board | |
| Introduction | 3 |
| The Proposed IBC Disposal | 4 |
| Reasons for and Benefits of the Proposed IBC Disposal | 8 |
| Implications of the Proposed IBC Disposal under the Listing Rules | 9 |
| Extraordinary General Meeting | 9 |
| Action to be Taken | 9 |
| General Information | 10 |
| Recommendation | 10 |
| Additional Information | 10 |
| Appendix I — Financial Information of the Group | 11 |
| Appendix II — General Information | 13 |
| Notice of the Extraordinary General Meeting | 23 |

DEFINITIONS

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

| | |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Announcement” | the announcement of the Company dated 3 February 2017 in relation to the Proposed IBC Disposal |
| “associates” | has the meaning ascribed to it under the Listing Rules |
| “Board” | board of Directors |
| “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: 133) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company proposed to be held on Friday, 10 March 2017 to consider and, if thought fit, to approve the grant of mandate for the Proposed IBC Disposal, the notice of which is set out on pages 23 to 24 of this circular |
| “Group” | the Company, its subsidiaries, jointly controlled entities and associated companies |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “IBC” | 興業銀行股份有限公司 (Industrial Bank Co., Ltd.), a joint-stock commercial bank approved by the China Banking Regulatory Commission in the PRC with limited liability, whose A shares are listed on the SSE (Stock Code: 601166.SH) |
| “IBC A Share(s)” | PRC-listed domestic share of par value of RMB1.00 each in the registered capital of IBC |
| “IBC Disposal Mandate” | the disposal mandate proposed to be granted by the Shareholders to the Directors to dispose of all or part of the IBC Interests during the Mandate Period, the terms of which are set out in this circular |
| “IBC Interests” | the 43,936,000 IBC A Shares held by the Company as at the Latest Practicable Date which are freely tradable on the SSE, representing the entire interest held by the Group in IBC |

DEFINITIONS

| | |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Investment Manager” | China Merchants China Investment Management Limited, a fund management company incorporated in Hong Kong with limited liability and registered under the SFO |
| “Latest Practicable Date” | 15 February 2017, 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 |
| “Mandate Period” | twelve calendar months from the date of passing of the relevant resolution(s) at the EGM |
| “PRC” | People’s Republic of China |
| “Proposed IBC Disposal” | the proposed disposal of all or part of the IBC Interests by the Group pursuant to the IBC Disposal Mandate |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | share(s) of the Company |
| “Shareholder(s)” | shareholder(s) of the Company |
| “SSE” | Shanghai Stock Exchange |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder” | has the meaning ascribed to it under the Listing Rules |
| “US\$” | United States dollars, the lawful currency of United States of America |
| “%” | per cent |

For illustrative purposes in this circular only, RMB1=HK\$1.1179, US\$1=HK\$7.7549 and US\$1=RMB6.9370.



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)

Executive Directors:

Mr. HONG Xiaoyuan (*Chairman*)

Mr. LI Yinquan

Mr. CHU Lap Lik, Victor

Mr. WANG Xiaoding

Mr. TSE Yue Kit

Ms. KAN Ka Yee, Elizabeth

(Alternate to Mr. CHU Lap Lik, Victor)

Registered office:

1609, Three Pacific Place

1 Queen's Road East

Hong Kong

Non-executive Director:

Mr. KE Shifeng

Independent Non-executive Directors:

Mr. LIU Baojie

Mr. ZHU Li

Mr. TSANG Wah Kwong

Dr. LI Fang

21 February 2017

To the Shareholders

Dear Sir or Madam,

POSSIBLE MAJOR TRANSACTION

**MANDATE IN RELATION TO THE DISPOSAL OF SHARES IN
INDUSTRIAL BANK CO., LTD.**

INTRODUCTION

Reference is made to the Announcement which disclosed the Proposed IBC Disposal. The purpose of this circular is to provide you with further details of, and other disclosures in connection with, the Proposed IBC Disposal required under the Listing Rules, including the financial information of the IBC Interests required under Rule 14.68(2) of the Listing Rules, together with the notice of the EGM for approving the Proposed IBC Disposal and other information required by the Listing Rules.

LETTER FROM THE BOARD

THE PROPOSED IBC DISPOSAL

As at the Latest Practicable Date, the Company beneficially owned 43,936,000 IBC A Shares. It has been the known policy of the Company to dispose of the IBC Interests held by the Group in a gradual manner. During the period between August 2016 and December 2016, the Company had disposed of 23,000,000 IBC A Shares. Depending on prevailing market conditions, the Company may from time to time further dispose of some or all of the IBC A Shares to realize its investments in IBC. The Proposed IBC Disposal may constitute a major transaction of the Company under Chapter 14 of the Listing Rules that would require compliance with the announcement, circular and shareholders' approval requirements under the Listing Rules. The Board proposes to seek the approval of the Shareholders at the EGM to grant a mandate to the Board to dispose of the IBC Interests for a period of 12 months from the date of the EGM.

Maximum number of IBC A Shares to be disposed of

As at the Latest Practicable Date, the Company beneficially owned a total of 43,936,000 IBC A Shares, which are listed and freely tradable on the SSE, representing approximately 0.231% interest in the issued share capital of IBC based on publicly available information.

The Board proposes to seek the approval of the Shareholders to grant a disposal mandate to the Board to dispose of the IBC Interests during the Mandate Period. The IBC Interests, comprising the 43,936,000 IBC A Shares held by the Group as at the Latest Practicable Date, represent the entire interest held by the Group in IBC.

As at the Latest Practicable Date, the Group did not have any discussion with any party to dispose of the IBC Interests. Nevertheless, the Board is of the view that it would be in the best interests of the Shareholders and the Company for the Directors to have flexibility in disposing of the IBC Interests.

If the Group proceeds with the Proposed IBC Disposal and on the assumption that all IBC A Shares held by the Group are to be disposed of, the Proposed IBC Disposal may constitute a major transaction of the Company under Chapter 14 of the Listing Rules. The Proposed IBC Disposal would then be subject to the requirements of announcement, circular and shareholders' approval under the Listing Rules. The Board thus proposes to seek the Shareholders' approval of the IBC Disposal Mandate.

Terms of the IBC Disposal Mandate

The Company proposes to seek the IBC Disposal Mandate for the Proposed IBC Disposal at the EGM on the following terms:

1. the Group will dispose of the IBC Interests in the open market through the trading system of the SSE;

LETTER FROM THE BOARD

2. the selling price of the IBC A Shares will be the market price of the IBC A Shares at the relevant times, where market price refers to the price allowed under the trading system of the SSE, but will not be less than RMB13.77 (equivalent to approximately HK\$15.39) per IBC A Share; and
3. the disposal mandate will be for a 12-month period from the date of passing of the relevant resolution(s) at the EGM.

Basis for determining the minimum selling price

The minimum selling price of RMB13.77 was determined with reference to the lowest price of IBC A Shares traded on the SSE in the year 2016, being the most recent 12-month period prior to the preparation for the IBC Disposal Mandate, which the Company considered to be most relevant for determining such minimum selling price. The minimum selling price reflects the lowest acceptable price to dispose of the IBC A Shares but is not the expected price at which the Company targets to dispose of the IBC A Shares. The Directors will consider various factors including general market conditions, progress of making new investments and performance of existing investments of the Company in exercising the IBC Disposal Mandate.

The minimum selling price for the IBC Disposal Mandate was also formulated by the Company with reference to the current price-to-book ratio of certain other major PRC listed banks of approximately 0.93 times. The minimum selling price per IBC A Share is approximately 0.91 times of the audited net asset value per IBC A Share as of 31 December 2015, and such price-to-book ratio is considered to be comparable to the current price-to-book ratio of the other major PRC listed banks as aforementioned. In addition, in view of the performance of IBC A Shares, the current and future market conditions in the PRC and to ensure a more flexible financial position of the Company for new investment opportunities, the Board considers that the adoption of the lowest price of IBC A Shares traded on the SSE in 2016 as the current basis for determining the minimum selling price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The minimum selling price per IBC A Share of RMB13.77 represents:

- a discount of approximately 17.74% to the closing price of RMB16.74 per IBC A Share as quoted on the SSE as at 14 February 2017, the trading day immediately before the Latest Practicable Date; and
- a discount of approximately 2.34% to the lowest closing price of RMB14.10 per IBC A Share as quoted on the SSE since 1 January 2016 and up to and including the Latest Practicable Date.

In order to maximize efficiency for the Directors to act under the dynamic market conditions and economic situation during the Mandate Period, the Directors consider that the deviation of the minimum selling price from the trading prices of the IBC A Shares as illustrated above is of strategic advantage to the Company and is in the interests of the Company and the Shareholders as a whole. The Company chose the lowest traded price per IBC A Share in 2016 of RMB13.77 rather than the lowest closing price per IBC A Share in 2016 of RMB 14.10 as the minimum selling price for the IBC Disposal Mandate because the former price per IBC A Share is lower and would allow more flexibility in carrying out disposals under the IBC Disposal Mandate.

LETTER FROM THE BOARD

Having considered the above factors, the Directors consider that the minimum selling price of RMB13.77 per IBC A Share will allow flexibility for the Directors to accommodate fluctuations in the market conditions and enable the Directors to effectively exercise the IBC Disposal Mandate under the volatile market conditions, and is fair and reasonable as far as the Company and the Shareholders are concerned.

Manner of disposal

The Proposed IBC Disposal will comply with all relevant laws and regulations, including any applicable trading regulations governing the Proposed IBC Disposal in the PRC.

Under the IBC Disposal Mandate proposed to be granted to the Directors, the Group may dispose of all or part of the IBC Interests on the SSE through its trading system. The Group will delegate all necessary power to the Investment Manager to handle all matters relating to the Proposed IBC Disposal, who will be responsible for identifying appropriate opportunities for disposing of the IBC A Shares. On the other hand, the Company will form a board committee consisting of two members of the investment committee of the Company, namely Mr. CHU Lap Lik, Victor and Mr. WANG Xiaoding, to monitor the process of execution of disposal orders. To ensure regular review and monitoring of the disposals made by the Investment Manager, after the sales of every 5,000,000 IBC A Shares, the Investment Manager will be obliged to report to the board committee and any further disposals of IBC A Shares proposed by the Investment Manager will be subject to the approval by the board committee. All elaborations, discussions and decisions in relation to the timing, price and amount of the Proposed IBC Disposal will be kept confidential.

The Company will publish an announcement every month to disclose the number of IBC A Shares disposed of pursuant to the IBC Disposal Mandate on an aggregated basis and the net proceeds arising therefrom. Further, the Company will also adjust the change in fair value of the IBC A Shares (i.e. change in fair value of financial assets designated at fair value through profit or loss) in the announcement of net asset value of the Company to be published every month. When the disposals of IBC A Shares by the Company under the IBC Disposal Mandate in aggregate amount to a major transaction under Chapter 14 of the Listing Rules, the Company will publish an announcement of such aggregate disposals of IBC A Shares. Apart from making these announcements, the Company will also disclose the number of IBC A Shares disposed of pursuant to the IBC Disposal Mandate and the net proceeds arising therefrom in the 2017 interim report and 2017 annual report of the Company.

Information about IBC

According to the 2016 interim report of IBC and publicly available information, IBC has over 1,920 branches and offices throughout the PRC and has a branch in Hong Kong. As at 30 June 2016, IBC had a total share capital of RMB19,052 million.

From publicly available information, the Company understands that the main business activities of IBC include the provision of corporate and personal banking services, treasury businesses, and provision of asset management, leasing, trust, consumer finance and other financial services.

LETTER FROM THE BOARD

The following sets out a summary of audited financial information of IBC for the two years ended 31 December 2014 and 31 December 2015 which were prepared under the PRC accounting standards:

| | For the year ended 31 December | | | |
|--------------------------------------------------------------|--------------------------------|-------------------|------------------|-------------------|
| | 2015 | | 2014 | |
| | <i>RMB</i> | <i>HK\$</i> | <i>RMB</i> | <i>HK\$</i> |
| | <i>million</i> | <i>million</i> | <i>million</i> | <i>million</i> |
| | <i>(audited)</i> | <i>equivalent</i> | <i>(audited)</i> | <i>equivalent</i> |
| Profit before taxation | 63,244 | 70,700 | 60,598 | 67,743 |
| Profit after taxation | 50,207 | 56,126 | 47,138 | 52,696 |
| Net asset value attributable to ordinary shareholders of IBC | 287,743 | 321,668 | 244,976 | 273,859 |

As at 31 December 2015, the audited consolidated net asset value attributable to the ordinary shareholders of IBC amounted to approximately RMB287,743 million (equivalent to approximately HK\$321,668 million) and the audited net asset value per IBC A Share was RMB15.10 (equivalent to approximately HK\$16.88). The Group held approximately 0.351% interest of IBC as at the financial year end of both 2014 and 2015. The audited net asset value attributable to the IBC A Shares held by the Group was approximately RMB1,010 million (equivalent to approximately HK\$1,129 million) as at 31 December 2015. Dividend income received by the Group from IBC amounted to approximately RMB30.79 million (equivalent to approximately HK\$34.42 million) in 2014 and RMB38.15 million (equivalent to approximately HK\$42.65 million) in 2015. The change in fair value on IBC attributable to the Group amounted to gain of approximately US\$69.21 million (equivalent to approximately HK\$536.72 million) in 2014 and gain of approximately US\$5.86 million (equivalent to approximately HK\$45.44 million) in 2015 respectively.

As disclosed in the interim results of IBC for the six months ended 30 June 2016 prepared under the PRC accounting standards, the net asset value attributable to ordinary shareholders of IBC as at 30 June 2016 was RMB302,486 million and the net asset value per IBC A Share was RMB15.88.

The highest and lowest closing price of IBC A Shares as quoted on the SSE in the period from 1 January 2016 up to and including the Latest Practicable Date was RMB17.30 and RMB14.10 (equivalent to approximately HK\$19.34 and HK\$15.76) respectively. As at 14 February 2017, the trading day immediately before the Latest Practicable Date, the closing price of IBC A Shares as quoted on the SSE was RMB16.74 (equivalent to approximately HK\$18.71).

Financial effect of the disposal of IBC Interests

Based on the carrying amount of the IBC Interests as at 31 December 2015 which was US\$115.36 million (equivalent to approximately HK\$894.61 million) and the minimum selling price of RMB13.77 (equivalent to approximately HK\$15.39), the expected realized accounting loss on the disposal of the IBC Interests would be US\$28.15 million (equivalent to approximately HK\$218.30 million). However, the disposal of the IBC Interests at the aforesaid minimum selling price will

LETTER FROM THE BOARD

realize a gain of approximately US\$81.22 million (equivalent to approximately HK\$629.85 million) when compared to the investment costs of the IBC Interests of US\$5.99 million (equivalent to approximately HK\$46.45 million), and will bring a huge cash flow of approximately US\$87.21 million (equivalent to approximately HK\$676.30 million) to the Group.

As the IBC Interests is regarded as current assets of the Group and the disposal of the IBC Interests will turn such current assets into cash, it is therefore considered that the Proposed IBC Disposal would not have any material adverse effects on the total assets and total liabilities of the Group.

As at the Latest Practicable Date, the IBC Interests accounted for approximately 18.92% of the Company's net asset value based on the Company's unaudited consolidated accounts as at 31 January 2017.

The Shareholders should note that the actual amounts of proceeds, accounting gain or loss and the effects on the net assets and earnings of the Group will depend on the actual selling prices of the Proposed IBC Disposal. Such amounts of proceeds shall be used as general working capital of the Company, including the making of investments in the ordinary course of the business of the Group. As of the Latest Practicable Date, the Company had not yet confirmed any new investments to be made by proceeds from the disposals under the IBC Disposal Mandate.

REASONS FOR AND BENEFITS OF THE PROPOSED IBC DISPOSAL

As stated in the 2016 interim report of the Company, the Group will continue to make every effort to identify new investment projects, while maintaining an emphasis on investment opportunities in several sectors, including culture and media, healthcare, consumer goods (with particular focus on consumer-oriented projects in second and third tier cities), advanced manufacturing, non-traditional financial services, new energy, education, "Internet plus" and China's strategic industries under the "One Belt and One Road" Initiatives, and to seek to optimize its mix of investments in order to create greater shareholder value. The proceeds from the Proposed IBC Disposal will put the Group into a better and more flexible financial position to take advantage of current and future investment opportunities should they arise.

In exercising the IBC Disposal Mandate, apart from the opportunities and progress of making new investments, the Directors will also consider the performance of IBC A Shares and other investments of the Company, the latest development and circumstances of IBC, general market conditions as well as the macro-economic environment of the PRC in general.

The Directors (including independent non-executive Directors) consider that the Proposed IBC Disposal represents a good opportunity to increase the cash flow of the Company. The Directors consider that the Proposed IBC Disposal will be conducted in the best interests of the Company and the Shareholders as a whole, and the IBC Disposal Mandate will give flexibility to the Directors to dispose of the IBC Interests at the appropriate times and prices in order to maximize returns to the Group.

LETTER FROM THE BOARD

The Directors (including independent non-executive Directors) are of the view that the IBC Disposal Mandate under the Proposed IBC Disposal is fair and reasonable and in the interests of the Shareholders as a whole, after considering the financial results and business development of IBC, the A shares market and the traded prices of IBC A Shares being at favorable levels, and the advantages of increasing the cash flow and working capital of the Group for its financial needs.

IMPLICATIONS OF THE PROPOSED IBC DISPOSAL UNDER THE LISTING RULES

If the Group proceeds with the Proposed IBC Disposal and on the assumption that all IBC A Shares held by the Group are to be disposed of, the Proposed IBC Disposal may constitute a major transaction of the Company under Chapter 14 of the Listing Rules. The Proposed IBC Disposal is therefore subject to the requirements of announcement, circular and shareholders' approval under the Listing Rules. The Board thus proposes to seek the Shareholders' approval of the IBC Disposal Mandate.

In the event that the Group finds out that the counterparty is a connected person before disposing of the IBC Interests, the Group will strictly follow the announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules as may be applicable.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong on Friday, 10 March 2017 at 10 a.m. at which a resolution will be proposed to the Shareholders to consider and, if thought fit, approve the IBC Disposal Mandate, is set out on pages 23 to 24 of this circular.

In accordance with Rule 13.39(4) of the Listing Rules, votes for the resolution at the EGM shall be taken by poll. An announcement of the poll results of the EGM will be published on the date of the EGM or the business day following the EGM.

To the best of the knowledge and belief of the Directors having made all reasonable enquiry, no Shareholder has a material interest in the matters which are the subject of the IBC Disposal Mandate such that it must abstain from voting, and, accordingly, all Shareholders will be permitted to vote at the EGM.

ACTION TO BE TAKEN

A form of proxy for use at the EGM is also enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's registered office at 1609, Three Pacific Place, 1 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

GENERAL INFORMATION

The Company is an investment company, the Shares of which are listed on the Main Board of the Stock Exchange. The Group specializes in investing in the PRC, and its investment objective is to acquire quality investments, principally in unlisted enterprises, in the PRC. The Group may also invest in China-concept shares, “H” shares, “B” shares and any shares listed on the Stock Exchange provided that the main businesses or incomes of such companies are derived from the PRC including Hong Kong.

Whether the Company decides to proceed with the Proposed IBC Disposal (or not to proceed) will depend on a number of factors including without limitation prevailing market sentiments and market conditions at the proposed time of executing the Proposed IBC Disposal. The decision will also be subject to compliance by the Company with all applicable laws and regulations and all applicable requirements under the Listing Rules. While the Company currently intends to proceed with the Proposed IBC Disposal, it should be emphasized there is no assurance that the Company will necessarily proceed with any part of the Proposed IBC Disposal.

The Shareholders and other public investors of the Company are therefore advised to exercise extreme caution when dealing in the Shares.

RECOMMENDATION

The Directors consider that the Proposed IBC Disposal is fair and reasonable and will be conducted in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including all the independent non-executive Directors) recommends the Shareholders to vote in favor of the ordinary resolution as set out in the notice of the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By Order of the Board
WANG Xiaoding
Director

1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2015 AND THE SIX MONTHS ENDED 30 JUNE 2016

The audited consolidated financial statements of the Group for each of the three years ended 31 December 2013, 31 December 2014 and 31 December 2015, as well as the unaudited consolidated financial statements of the Group for the six months ended 30 June 2016 were disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.cmcdi.com.hk):

- Interim report of the Company for the six months ended 30 June 2016 published on 15 September 2016 (from pages 2 to 20); (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0914/LTN20160914346.pdf>)
- Annual report of the Company for the year ended 31 December 2015 published on 22 April 2016 (from pages 65 to 111); (<http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0421/LTN20160421215.pdf>)
- Annual report of the Company for the year ended 31 December 2014 published on 16 April 2015 (from pages 61 to 115); (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0415/LTN20150415539.pdf>) and
- Annual report of the Company for the year ended 31 December 2013 published on 12 April 2014 (from pages 58 to 109) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0411/LTN20140411517.pdf>).

2. STATEMENT OF INDEBTEDNESS

At the close of business on 31 December 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, apart from the intra-group liabilities, the Group did not have any loan capital issued and outstanding, or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or material contingent liabilities.

3. SUFFICIENCY OF WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that in the absence of unforeseen circumstances and taking into account the Group's internal resources and the estimated net proceeds from the Proposed IBC Disposal, the Group has sufficient working capital for its present requirements for at least the next twelve months from the date of this circular, without relying on any external facilities.

The Group currently has no intention to conduct any fund raising activities in the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2017, it is expected that the global economy will still face a cloudy prospect for growth as it is confronted with a number of significant challenges, including decrease in potential growth rate, instability of the world economy resulting from potential implementation of trade protectionism policies by the United States, and increasingly apparent trend of the development of reverse

globalization among international economic cooperation. While China is still in an important transformational period for structural adjustments and promoting reforms, economic growth will continue to slow. In 2017, Chinese economic growth may be lower than that in 2016. In respect of investment, it is anticipated that investments in China will demonstrate a steady growth in 2017. Among which, investment in infrastructure will maintain its robust growth and the orderly promotion of new type of urbanization will generate demand consistently, while the investment growth of the manufacturing industry will continue to recover. In terms of export, it will become stable at low levels in 2017, benefiting from the effect gradually emerged from measures for stabilizing exports, and from a relatively low base in the previous corresponding period. In 2017, consumption will continue to maintain its steady growth, which will provide stable support to the economic growth. In addition, prices have got rid of the prolonged deflation and enter into the stage of mild inflation. Given that the economic growth of China in 2017 will probably be relatively slow, it is expected that the operating results of the investment projects (mainly operating in China) held by the Group will be impacted to a certain degree.

The Central Economic Working Conference, which was convened in December 2016, has pledged stability and reform as the keynote of 2017. The Central Government has thus given priority to economic stability in 2017, and stressed that the fiscal policy should be proactive and effective whereas the monetary policy should be steady and moderate in 2017. Under the policies, the Central Government plans to keep the RMB exchange rate basically stable at a reasonable and balanced level, while improving the flexibility of the exchange rate. Moreover, the Central Government gives higher priority to the prevention and control of financial risks and determines to eliminate a number of risk factors, including curbing real estate bubble and establishing a long-term effective mechanism for the steady and healthy development of the real estate market. Besides, it further promotes “cutting overcapacity, destocking, deleveraging, reducing costs and improving weak links” and supply-side agricultural reform, puts great efforts to revitalize the real economy, further pushes forward the reform of state-owned enterprises, and continues to implement the “One Belt and One Road” Initiatives, etc. Given that the Central Government is stepping up its adjustments to economic structure, new industries and new business forms and models will thrive rapidly. New economic sectors such as high-tech industries and strategic emerging industries, especially in the area of artificial intelligence, culture and media, etc., will receive greater support from government policies and more attention from the capital market. With the advent of the big data era, improvement in algorithms and enhancement in the accuracy of unsupervised learning, artificial intelligence will face another round of boom, in which “big data + artificial intelligence” will profoundly change the structures of traditional industries. It is here that the Group will continue to seek out the best opportunities for investment.

In an environment where challenges and opportunities co-exist, the Group will continue to make every effort to identify new investment projects, and to seek to optimize its mix of investments in order to create greater shareholder value.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) which were required pursuant to Section 352 of the SFO to be entered in the register maintained by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Long position in the Shares

| <u>Name of Director</u> | <u>Capacity</u> | <u>Number of Shares interested</u> | <u>Approximate percentage of shareholding</u> |
|-------------------------|------------------------------------|------------------------------------|-----------------------------------------------|
| Mr. CHU Lap Lik, Victor | Interest of controlled corporation | 3,030,024 | 1.99% |

Save as disclosed, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required, (i) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) to be notified to the Company and the Stock Exchange, or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to the Model Code of the Listing Rules to be notified to the Company and the Stock Exchange.

As at the Latest Practicable Date, the following Directors were a director or employee of a substantial shareholder of the Company:

- (a) Mr. HONG Xiaoyuan is an assistant general manager of China Merchants Group Limited and the chairman and chief executive officer of China Merchants Finance Holdings Company Limited; and

- (b) Mr. TSE Yue Kit is the general manager in the funds division of China Merchants Finance Holdings Company Limited.

Save as disclosed, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, the persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long and short positions in the Shares, underlying shares and debentures of the Company

| Shareholder | Long/short position | Capacity | Number of Shares interested | Approximate percentage of shareholding |
|------------------------------------------------------------------------|---------------------|------------------------------------|-----------------------------|----------------------------------------|
| China Merchants Group Limited (<i>Note 3</i>) | Long position | Interest of controlled corporation | 42,022,041 | 27.59% |
| China Merchants Steam Navigation Company Limited (<i>Note 3</i>) | Long position | Interest of controlled corporation | 42,022,041 | 27.59% |
| China Merchants Holdings (Hong Kong) Company Limited (<i>Note 1</i>) | Long position | Interest of controlled corporation | 42,022,041 | 27.59% |
| China Merchants Finance Holdings Company Limited (<i>Note 2</i>) | Long position | Interest of controlled corporation | 42,022,041 | 27.59% |
| China Merchants Financial Services Limited (<i>Note 3</i>) | Long position | Interest of controlled corporation | 38,855,507 | 25.51% |
| Good Image Limited | Long position | Beneficial owner | 38,855,507 | 25.51% |
| Lazard Asset Management LLC | Long position | Investment manager | 28,947,290 | 19.00% |

Note 1: China Merchants Holdings (Hong Kong) Company Limited is deemed to have corporate interests in the Shares by virtue of its controlling shareholding (i.e. 99.32%) in the company whose name is set out immediately under it.

Note 2: China Merchants Finance Holdings Company Limited is deemed to have corporate interests in the Shares by virtue of its entire shareholding in Everlink Limited and the company whose name is set out immediately under it.

Note 3: China Merchants Group Limited, China Merchants Steam Navigation Company Limited and China Merchants Financial Services Limited are deemed to have corporate interests in the Shares by virtue of its entire shareholding in the company whose name is set out immediately under it.

Save as disclosed, as at the Latest Practicable Date, the Directors and the chief executives of the Company were not aware of any person (other than Directors or chief executives of the Company) who had any interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. COMPETING INTERESTS

Mr. HONG Xiaoyuan is a vice chairman of and Mr. LI Yinquan is the vice chairman and chief executive officer of China Merchants Capital Investment Co., Ltd. which is actively involved in direct investments and which may compete, either directly or indirectly, with business of the Group. Mr. CHU Lap Lik, Victor and Ms. KAN Ka Yee, Elizabeth (being alternate to Mr. CHU Lap Lik, Victor) are directors of various companies within First Eastern Investment Group which is actively involved in direct investments in the PRC and which may compete, either directly or indirectly, with business of the Group. However, the Company is capable of carrying on its business independently of, and at arm's length from, the businesses of China Merchants Capital Investment Co., Ltd. and First Eastern Investment Group. If conflict of interest arises on the part of Mr. HONG, Mr. LI, Mr. CHU, or Ms. KAN, as the case may be, they shall, pursuant to the articles of association of the Company, not vote or be counted in the quorum on the relevant resolution of the Board.

As at the Latest Practicable Date, save as disclosed, in so far as the Directors are aware, none of the Directors or any of their respective associates had an interest in a business that competes or may compete with the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or was proposing to enter, into any service contract with the Company or its subsidiaries which is not expiring or may not be terminated by the Company within a year without payment of any compensation (other than statutory compensation).

6. INTERESTS OF DIRECTORS IN ASSETS AND/OR CONTRACTS AND OTHER INTEREST

Investment Management Agreement

On 15 October 2015, the Company entered into an investment management agreement with the Investment Manager in relation to the re-appointment of the Investment Manager as the investment manager of the Company for both listed and unlisted investments, immediately following the expiry

of the investment management agreement on 31 December 2015, which was previously entered into between the parties on 18 October 2012. Mr. LI Yinquan, Mr. CHU Lap Lik, Victor, Mr. WANG Xiaoding and Mr. TSE Yue Kit are directors of both the Company and the Investment Manager. Mr. CHU Lap Lik, Victor and Ms. KAN Ka Yee, Elizabeth have indirect beneficial interests in the Investment Manager.

Under the investment management agreement, the appointment of the Investment Manager is for a fixed term commencing on 1 January 2016 and ending on 31 December 2018. Thereafter, subject to the approval by the independent Shareholders in accordance with the Listing Rules and compliance with all other applicable requirements under the Listing Rules, the appointment of the Investment Manager under the investment management agreement shall be renewed for further periods of three years after the expiry of each fixed term, unless either party shall at least 6 months prior to such expiry date give notice to the other party not to renew the appointment, whereupon the investment management agreement will terminate at the end of the then current fixed period.

Sub-participation Scheme (the “Scheme”)

In order to strengthen the investment management process, and to align the interests of management and staff with the interests of the Company in entering new investment projects, the Investment Manager, with the consent of the Company, has administered the Scheme since 2009.

Under the Scheme, the Company has entered into sub-participation agreements (the “**Agreements**”) with certain executive Directors, certain directors and employees of the Investment Manager, and persons nominated by shareholders of the Investment Manager (collectively the “**Participants**”), with respect to new investments made by the Company beginning in 2009. Pursuant to the Agreements, the Participants will receive a portion of the return (in the form of dividends, interest, or other distributions or proceeds from realization) from the Company’s investment in the project company that is proportional to the amount provided by the Participants to the Company as a percentage of the total Company’s investment in the project company. If the Company suffers a loss from its investment in the project company, the Participants will correspondingly share a loss in the amount they provided to the Company on a pro rata basis. The Agreements will terminate upon either the realization of the investment in the project company by the Company, or upon the Investment Manager, who provides a guarantee to the Participants for the performance of the Company’s obligations under the Agreements, ceasing to be investment manager of the Company. In the former case, the Participants shall receive a pro rata portion of the proceeds from disposal of the Company’s interest in the project company. In the latter case, the Participants will receive a pro rata portion of the value of the equity interest in the project company held by the Company as of 90 days prior to the termination date of the Agreements. The value of the equity interest in the project company will be assessed by an independent valuer appointed jointly by the Company and the Investment Manager. In addition, the costs and expenses incurred for the preparation and execution of the Agreements, the costs incidental to the implementation of the Scheme, and the relevant portion of the identifiable costs related to the Company’s investment in the project company that corresponds to the amount provided by the Participants to the Company under the Agreements will be borne by the Investment Manager.

Under the Scheme, it was originally determined that the aggregate amount provided by the Participants in each of the Company's new investment projects should not exceed 2% of the Company's investment in each project (the "Ceiling of Relative Proportion"). In order to further strengthen the investment management process, with the consent of the Company and starting from 26 August 2011, the Ceiling of Relative Proportion for each of the Company's new investment projects is revised as follows: 1) for projects with an investment amount of RMB30 million or less, the Ceiling of Relative Proportion will be 5%; 2) for projects with an investment amount of more than RMB30 million and up to RMB100 million, the Ceiling of Relative Proportion will be RMB1.5 million or 2%, whichever is higher; and 3) for projects with an investment amount of more than RMB100 million, the Ceiling of Relative Proportion will be 2%.

As of the Latest Practicable Date, details of aggregate amounts actually provided by the Participants and their relative proportion to the investment amounts actually paid by the Company were as follows:

| Name of projects | Original investment amounts of the Company US\$* | Original amounts actually paid by the Participants US\$* | Relative proportion |
|------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------|------------------------|
| Unibank Media (1st round capital injection) | 6,585,600 | 129,000 | 1.959% |
| Wuhan Rixin | 2,195,500 | 43,900 | 2.000% |
| Unibank Media (2nd round capital injection) | 4,394,100 | 87,500 | 1.991% |
| China Media Management | 676,100 | 4,500 | 0.666% |
| Geesun Zhiyun | 2,929,500 | 58,000 | 1.980% |
| China Media Investment (1st installment capital contribution) | 5,858,300 | 38,800 | 0.662% |
| Jiangsu Huaer | 2,226,200 | 43,800 | 1.966% |
| Jinpower Electrical | 3,033,500 | 60,300 | 1.988% |
| China Media Investment (2nd installment capital contribution) | 953,500 | 6,100 | 0.638% |
| Liaoning Zhenlong | 2,974,500 | 59,000 | 1.986% |
| NTong | 10,409,700 | 130,300 | 1.252% |
| Teralane Semiconductor | 789,500 | 34,200 | 4.335% |
| Hwagain | 19,004,900 | 161,100 | 0.847% |
| China Media Investment (3rd installment capital contribution) | 1,075,300 | 6,200 | 0.575% |
| China Media Investment (4th installment capital contribution) | 4,566,600 | 26,300 | 0.577% |
| Chengtian | 4,733,300 | 74,100 | 1.566% |
| China Media Investment (5th installment capital contribution) | 484,900 | 2,800 | 0.580% |
| Esurfing | 16,068,600 | 125,100 | 0.778% |

| Name of projects | Original investment amounts of the Company US\$* | Original amounts actually paid by the Participants US\$* | Relative proportion |
|----------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------|------------------------|
| China Media Investment (6th installment capital contribution) | 5,555,100 | 32,200 | 0.579% |
| China Media Investment (7th installment capital contribution) | 3,352,500 | 18,900 | 0.562% |
| Sanhome Pharmaceutical | 17,171,500 | 94,100 | 0.548% |
| China Media Investment (8th installment capital contribution) | 2,055,100 | 11,500 | 0.599% |
| China Media Investment — IMAX China | 2,021,800 | 40,000 | 1.977% |
| China Media Investment (9th installment capital contribution) | 859,600 | 4,830 | 0.562% |
| Xinhua Preschool Education (1st installment capital contribution) | 4,898,200 | 28,400 | 0.580% |
| Oriental Pearl | 19,619,100 | 255,510 | 1.302% |
| JIC Leasing | 38,781,800 | 65,810 | 0.170% |
| China Re | 19,308,300 | 41,290 | 0.214% |
| Jinlanmei Travel | 1,489,000 | 14,180 | 0.952% |
| Iflytek | 18,827,500 | 33,500 | 0.178% |
| Iflytek Venture Capital | 5,193,900 | 9,270 | 0.178% |
| Rong Bao Zhai Culture | 28,855,000 | 86,790 | 0.301% |

* Calculated with prevalent exchange rates at the time of the amounts paid

Note: The information of the projects is disclosed in the 2016 interim report of the Company and the announcements of the Company dated 7 December 2016, 12 December 2016 and 13 January 2017

In addition, as of the Latest Practicable Date, details of the amounts actually paid by some of the Directors as well as a director of the Investment Manager for the Scheme were as follows:

| Name of projects | Mr. HONG | Mr. LI | Mr. WANG | Mr. TSE | Mr. LAW |
|---------------------------------------------------------------------|----------|----------|----------|----------|----------------------|
| | Xiaoyuan | Yinquan | Xiaoding | Yue Kit | Hung Kuen, Janson |
| | (Note 1) | (Note 2) | (Note 3) | (Note 4) | (Note5) |
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Unibank Media (1st round capital injection) | 12,900 | N/A | 20,640 | 1,290 | N/A |
| Wuhan Rixin | 3,510 | N/A | 3,510 | 1,290 | N/A |
| Unibank Media (2nd round capital injection) | 6,950 | N/A | 6,950 | 1,290 | N/A |
| China Media Management | 300 | N/A | 1,160 | 30 | N/A |
| Geesun Zhiyun | 4,640 | N/A | 5,780 | 1,290 | N/A |
| China Media Investment (1st installment capital contribution) | 2,500 | N/A | 10,040 | 250 | N/A |
| Jiangsu Huaer | 3,500 | N/A | 4,380 | 1,290 | N/A |
| Jinpower Electrical | 4,830 | N/A | 6,030 | 1,280 | N/A |
| China Media Investment (2nd installment capital contribution) | 390 | N/A | 1,570 | 40 | N/A |
| Liaoning Zhenlong | 4,720 | N/A | 4,620 | 1,280 | N/A |
| NTong | 16,420 | N/A | 12,830 | 1,280 | N/A |
| Teralane Semiconductor | 3,090 | N/A | 2,570 | 1,290 | N/A |
| Hwagain | 12,880 | N/A | 12,880 | 1,290 | N/A |
| China Media Investment (3rd installment capital contribution) | 430 | N/A | 1,710 | 40 | N/A |
| China Media Investment (4th installment capital contribution) | 1,820 | N/A | 7,260 | 180 | N/A |
| Chengtian | 12,890 | N/A | 6,440 | 1,290 | N/A |
| China Media Investment (5th installment capital contribution) | 190 | N/A | 780 | 20 | N/A |
| Esurfing | 12,890 | N/A | 12,890 | 1,290 | N/A |
| China Media Investment (6th installment capital contribution) | 2,220 | N/A | 8,880 | 220 | N/A |
| China Media Investment (7th installment capital contribution) | 1,300 | N/A | 5,200 | 130 | N/A |

| Name of projects | Mr. HONG | Mr. LI | Mr. WANG | Mr. TSE | Mr. LAW |
|-------------------------------------------------------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------------------|
| | Xiaoyuan (Note 1) US\$ | Yinquan (Note 2) US\$ | Xiaoding (Note 3) US\$ | Yue Kit (Note 4) US\$ | Hung Kuen, Janson (Note 5) US\$ |
| Sanhome Pharmaceutical | 12,900 | N/A | 6,450 | 1,290 | N/A |
| China Media Investment (8th installment capital contribution) | 790 | N/A | 3,170 | 80 | N/A |
| China Media Investment — IMAX China | 6,450 | N/A | 6,450 | 1,290 | N/A |
| China Media Investment (9th installment capital contribution) | 330 | N/A | 1,330 | 30 | N/A |
| Xinhua Preschool Education (1st installment capital contribution) | 2,150 | N/A | 4,310 | 440 | N/A |
| Oriental Pearl | 13,930 | N/A | 38,870 | 1,390 | N/A |
| JIC Leasing | N/A | 3,870 | 12,900 | 1,290 | N/A |
| China Re | N/A | 3,870 | 12,900 | 1,290 | 1,290 |
| Jinlanmei Travel | N/A | 1,290 | 3,220 | 640 | 640 |
| Iflytek | N/A | 2,580 | 12,890 | 1,290 | 1,290 |
| Iflytek Venture Capital | N/A | 2,580 | 6,440 | 1,290 | 1,290 |
| Rong Bao Zhai Culture | N/A | 1,730 | 8,590 | 860 | 860 |

Note 1: Director and chairman of the Company

Note 2: Director and chairman of the Investment Manager

Note 3: Director and managing director of the Investment Manager

Note 4: Director and director of the Investment Manager

Note 5: Director of the Investment Manager

As at the Latest Practicable Date, save as disclosed, (i) none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) there was no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors was materially interested and which was significant to the business of the Group.

7. MATERIAL CONTRACTS

No material contract, not being contracts in the ordinary course of business, has been entered into by any member of the Group within the two years preceding the date of this circular.

8. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

9. MATERIAL ADVERSE CHANGE

As disclosed in the 2016 interim report of the Company, the Group recorded a consolidated loss of US\$38.93 million for the six months ended 30 June 2016. The loss was mainly attributable to a decline in overall fair value of the financial assets designated at fair value through profit or loss.

Save as disclosed, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest published audited financial statements of the Company were made up.

10. GENERAL

- (a) The registered office of the Company is at 1609, Three Pacific Place, 1 Queen's Road East, Hong Kong.
- (b) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) The company secretary of the Company is Mr. LEUNG Chong Shun who is a practising solicitor and a partner of Messrs. Woo, Kwan, Lee & Lo, Solicitors & Notaries.
- (d) The qualified accountant of the Company is Miss TSANG Wai Chu who is a member of the Hong Kong Institute of Certified Public Accountants.
- (e) In case of inconsistency, the English text of this circular and the accompanying form of proxy shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 1609, Three Pacific Place, 1 Queen's Road East, Hong Kong during normal business hours up to and including the date of the EGM (and any adjournment thereof):

- (a) the articles of association of the Company; and
- (b) the annual reports of the Company for each of the two years ended 31 December 2014 and 2015 and the interim report for the six months ended 30 June 2016.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



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 of China Merchants China Direct Investments Limited (the “**Company**”) will be held on Friday, 10 March 2017, at Taishan Room, Level 5, Island Shangri-La, Hong Kong, Two Pacific Place, Supreme Court Road, Central, Hong Kong, at 10 a.m., to consider, and, if thought fit, pass the following resolution (with or without modifications) as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the disposal (the “**IBC Disposal Mandate**”) of any or all A shares in 興業銀行股份有限公司 (Industrial Bank Co., Ltd.), a joint-stock commercial bank approved by the China Banking Regulatory Commission in the People’s Republic of China with limited liability, whose A shares (the “**IBC A Shares**”) are listed on the Shanghai Stock Exchange, held by the Company, its subsidiaries, jointly controlled entities and associated companies (collectively, the “**Group**”), for a period of 12 months from the date of passing of this resolution on the following conditions:
- (i) the Group will dispose of the IBC A Shares in the open market through the trading system of the Shanghai Stock Exchange; and
- (ii) the selling price of the IBC A Shares will be the market price of the IBC A Shares at the relevant times, where market price refers to the price allowed under the trading system of the Shanghai Stock Exchange, but will not be less than RMB13.77 per IBC A Share

be and is hereby approved.

- (b) the directors of the Company be and are hereby authorized to do all things, including but not limited to the execution of all documents, which the directors deem to be necessary or desirable to effect the foregoing or in connection with the IBC Disposal Mandate.”

By Order of the Board
WANG Xiaoding
Director

Hong Kong, 21 February 2017

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notes:

- (1) 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.
- (2) 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 registered office at 1609, Three Pacific Place, 1 Queen's Road East, 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.
- (3) As at the date hereof, the executive Directors are Mr. HONG Xiaoyuan, Mr. LI Yinquan, Mr. CHU Lap Lik, Victor, Mr. WANG Xiaoding and Mr. TSE Yue Kit; the non-executive Director is Mr. KE Shifeng; and the independent non-executive Directors are Mr. LIU Baojie, Mr. ZHU Li, 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.