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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)**

## **CONNECTED TRANSACTION DISPOSAL OF WHEATON INTERNATIONAL LIMITED**

On 12 May 2014, the Company entered into the Sale and Purchase Agreement with Wahsheung, pursuant to which the Company agreed to sell and assign and Wahsheung agreed to purchase and take assignment of the entire issued share of and shareholder's loan due from Wheaton, a wholly-owned subsidiary of the Company, at a consideration of RMB60,000,000 (in HKD equivalent), on and subject to the terms and conditions of the Sale and Purchase Agreement.

Wahsheung is a subsidiary of CMG, a substantial shareholder of the Company and therefore Wahsheung is a connected person of the Company and the transaction contemplated under the Sale and Purchase Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Sale and Purchase Agreement are more than 0.1% but are less than 5%, such transaction is only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **THE SALE AND PURCHASE AGREEMENT**

#### **Date**

12 May 2014

#### **Parties**

Seller: the Company

Purchaser: Wahsheung ( a subsidiary of CMG, a substantial shareholder of the Company)

## **Assets to be disposed of**

Pursuant to the Sale and Purchase Agreement, the Company agreed to sell and assign and Wahsheung agreed to purchase and take assignment of the entire issued share of and shareholder's loan due from Wheaton. The shareholder's loan due from Wheaton to the Company shall be assigned to Wahsheung at the amount outstanding as at the date of completion of the Sale and Purchase Agreement, and for reference purpose such outstanding loan amounted to approximately US\$6,511,344 as at 31 December 2013.

Wheaton is an investment holding company and a wholly-owned subsidiary of the Company. As at the date of this announcement, Wheaton holds a 22% shareholding in Daily On, another investment holding company, and the remaining issued shares of Daily On are held by Wahsheung as to 56% and by an independent third party as to 22%.

Daily On holds 90% of the equity interest in CM Plaza Co., being a property holding company which holds (i) part of the properties in China Merchants Plaza (Shanghai), being a 28-storey building located at 333 Chengdu North Road, Jing'an District, Shanghai, PRC; and (ii) unit 6G and Carpark no. 16 of Xin Xing Building\* located at 137 Julu Road, Luwan District, Shanghai, PRC.

### **A. Financial Information of Wheaton**

The financial information of Wheaton based on the unaudited management accounts for the financial year ended 31 December 2012 and 31 December 2013 were as follows:-

	<b>For the year ended 31 December 2012 (unaudited) US\$</b>	<b>For the year ended 31 December 2013 (unaudited) US\$</b>
Revenue	-	-
Loss before tax	653	654
Loss after tax	653	654

As at 31 December 2013, the unaudited net liabilities of Wheaton were approximately US\$6,511,344.

### **B. Financial Information of Daily On**

Daily On has audited but unconsolidated financial statements. The financial information of Daily On based on the unaudited consolidated management accounts for the financial year ended 31 December 2012 and 31 December 2013 were as follows:-

	<b>For the year ended 31 December 2012 (unaudited) US\$</b>	<b>For the year ended 31 December 2013 (unaudited) US\$</b>
Revenue	11,899,265	12,096,386
Profit before tax	3,085,047	3,934,711
Profit after tax	2,447,067	3,093,420

As at 31 December 2013, the unaudited consolidated net asset value attributable to the owners of Daily On was approximately US\$14,434,548.

Upon completion of the Sale and Purchase Agreement, Wheaton will cease to be a subsidiary of the Company and the Group will no longer have any interest in Wheaton, Daily On or CM Plaza Co.

### **Consideration**

The Consideration payable by Wahsheung to the Company is RMB60,000,000 in cash in HKD equivalent. A portion of the Consideration shall be attributable to the amount of the shareholder's loan as at the completion date plus interest payable from 1 January 2014 up to the completion date due from Wheaton to be assigned to Wahsheung according to the actual amount to be assigned, and the balance of the Consideration shall be attributable to the issued share of Wheaton to be transferred to Wahsheung.

The Consideration will be payable by Wahsheung to the Company at the completion date. If Wahsheung fails to pay the Consideration in accordance with the Sale and Purchase Agreement, Wahsheung will be subject to a daily interest payment of 0.05% of the outstanding Consideration for each day of the delay.

The Consideration was arrived at after arm's length negotiation between the Company and Wahsheung on normal commercial terms with reference to the appraised equity value of Daily On as at 31 December 2013 in the range of RMB52 million to RMB62 million based on adjusted balance sheet method assessed by a professional independent third party and the reasons for entering into the Sale and Purchase Agreement as stated herein below.

### **Taking effect and completion**

The Sale and Purchase Agreement shall take effect upon obtaining the approval from CMG (being the ultimate controlling shareholder of the Purchaser) in respect of the transaction under the Sale and Purchase Agreement. In the event that the aforesaid condition is not fulfilled within 60 days from the date of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall be automatically terminated.

Completion of the Sale and Purchase Agreement will take place at an agreed date, but in any event, no later than the 10th Business Day after the effective date of the Sale and Purchase Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT**

As an investment company, it has always been the Company's strategy to focus on investment and investment opportunities which are expected to have higher investment potentials. The Directors believe that the disposal under the Sale and Purchase Agreement is in line with such investment strategy.

The Company understands that Daily On has not paid dividend for years. The Company made its investment in Daily On in 1994, and made a full provision for such investment in 2000. The Board considers the disposal of equity interest in Daily On through disposal of Wheaton by entering into the Sale and Purchase Agreement is an appropriate opportunity to divest of such investment to obtain a cash return and to focus on other investments and investment opportunities.

The Company estimates that it will be able to have a gain of approximately US\$9,841,000, being the entire amount of the consideration for disposal of Wheaton under the Sale and Purchase Agreement. The Company intends to apply the proceeds from the disposal to future investment opportunities.

The Directors (including the independent non-executive Directors) are of the view that the Sale and Purchase Agreement is on normal commercial terms, and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATION**

Wahsheung is a subsidiary of CMG, a substantial shareholder of the Company and therefore Wahsheung is a connected person of the Company, and the transaction contemplated under the Sale and Purchase Agreement constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

As all applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the transaction contemplated under the Sale and Purchase Agreement are more than 0.1% but are less than 5%, such transaction is only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Sale and Purchase Agreement and therefore no Director is required to abstain from voting on the board resolution in relation to the Sale and Purchase Agreement in accordance with Rule 13.44 of the Listing Rules and/or the articles of association of the Company.

## GENERAL

The Company is an investment company whose shares are listed on the Main Board of the Stock Exchange. The Company specializes 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, “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.

Wahsheung is an indirect wholly-owned subsidiary and an investment holding vehicle of CMG, and is responsible for holding the investment of Daily On.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Board”	the board of Directors
“Business Day(s)”	a day on which banks are opened for business in Hong Kong (excluding Saturdays, Sundays and public holidays in Hong Kong)
“BVI”	the British Virgin Islands
“CMG”	招商局集團有限公司 (China Merchants Group Limited), a company incorporated in the PRC with limited liability and a substantial shareholder of the Company
“CM Plaza Co.”	上海招商局廣場置業有限公司 (China Merchants Plaza (Shanghai) Property Co., Ltd.*), a company incorporated in Shanghai, PRC, with limited liability
“Company”	China Merchants China Direct Investments Limited 招商局中國基金有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 133)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB60,000,000 (in HKD equivalent), being the consideration for the sale and purchase of the entire issued share of Wheaton and the entire amount of shareholder’s loan due from Wheaton to the Company

“Daily On”	Daily On Property Limited 時安置業有限公司, a company incorporated in Hong Kong with limited liability and being owned as to 22% by Wheaton
“Director(s)”	the director(s) of the Company
“Group”	the Company, its subsidiaries, jointly controlled entities and associated companies
“HKD”	the 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
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 12 May 2014 entered into between the Company as seller and Wahsheung as purchaser in relation to the sale of the entire issued share of Wheaton and assignment of the entire shareholder’s loan due from Wheaton to the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“US\$”	the United States dollars, the lawful currency of the United States of America
“Wahsheung”	Hong Kong Wahsheung Properties Limited 香港華商置業有限公司, a company incorporated in Hong Kong with limited liability

“Wheaton”

Wheaton International Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company

By Order of the Board  
**ZHOU Linda Lei**  
*Director*

Hong Kong, 12 May 2014

*\* for identification purposes only*

*As at the date hereof, the Executive Directors of the Company are Mr. LI Yinquan, Mr. HONG Xiaoyuan, Mr. CHU Lap Lik, Victor, Ms. ZHOU Linda Lei and Mr. TSE Yue Kit; the Non-executive Director is Mr. KE Shifeng; and the Independent Non-executive Directors are Mr. LIU Baojie, Mr. XIE Tao, Mr. ZHU Li and Mr. TSANG Wah Kwong. In addition, Ms. KAN Ka Yee, Elizabeth is the Alternate Director to Mr. CHU Lap Lik, Victor.*