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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)

DISPOSAL OF EQUITY INTERESTS IN ESURFING

Reference is made to the announcement of China Merchants China Direct Investments Limited (the “**Company**”) dated 4 June 2012 in relation to the cash injection by Shenzhen Tian Zheng Investment Co., Ltd. (“**Tian Zheng**”), a wholly-owned subsidiary of the Company, of RMB102,000,000 into the capital of 天翼視訊傳媒有限公司 (Esurfing Media Co., Ltd.*, “**Esurfing**”), upon the completion of which Tian Zheng became a shareholder of Esurfing holding approximately 5.37% equity interests in Esurfing.

The Company announces that Tian Zheng, Besttone Holding Co., Ltd. (“**Besttone**”), a company incorporated under the laws of the People’s Republic of China (the “**PRC**”), the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600640.SH), and all the other holders of shares in Esurfing (the “**Other Esurfing Shareholders**”) have entered into a conditional agreement (the “**Agreement**”) whereby Tian Zheng and the Other Esurfing Shareholders agreed to sell, and Besttone agreed to purchase, in aggregate, 100% of the equity interests in the capital of Esurfing (the “**Transaction**”).

Tian Zheng has agreed to sell to Besttone all of its 5.37% equity interests in Esurfing. The preliminary valuation of the entire equity interests in Esurfing as at 31 March 2016 was approximately RMB1,933,194,000. Calculated on the basis of the aforesaid valuation, the tentatively estimated consideration for the sale and purchase of the equity interests held by Tian Zheng in Esurfing is approximately RMB103,813,000. The final consideration for the Transaction shall be based on the asset valuation in an asset appraisal report issued by qualified valuer, after confirmation by the relevant state-owned assets administration department in the PRC, and determined by negotiation amongst the parties to the Transaction.

Besttone shall issue to Tian Zheng its new ordinary share(s) of RMB1 each (the “**Besttone New Share(s)**”) at the price of RMB14.45 per Besttone New Share to pay for the consideration. The issue price per Besttone New Share is determined based on 90% of the average price of the A shares of Besttone traded on the Shanghai Stock Exchange for 60 trading days prior to the pricing reference date and after taking into account the ex-dividend adjustment.

Based on the tentative consideration for the Transaction, it is expected that Tian Zheng shall receive a total of approximately 7,184,300 Besttone New Shares as consideration for its sale of 5.37% equity interests in Esurfing. Tian Zheng has undertaken not to transfer such Besttone New Shares in the 12 months from the date of completion of the issue of these Besttone New Shares.

Completion of the Transaction is subject to, amongst other things, the approval of the Agreement and the Transaction by the shareholders of Besttone in general meeting, and approval of the Agreement and the Transaction by the relevant government departments and by the China Securities Regulatory Commission.

Information about Besttone

As the Company understands, Besttone became listed on the Shanghai Stock Exchange in 1993, currently has a registered capital of approximately RMB535 million and that China Telecommunications Corporation directly and indirectly owns a total of over 60% of its shares. Besttone was formerly known as 中衛國脈通信股份有限公司 (China Satcom Guomai Communications Co., Ltd.*). In 2012, it underwent a major reorganization of assets and gradually transformed into a business structure with business travel reservation, hotel operation and management and reward points operations as its major businesses. Relying on the enormous user resources of China Telecommunications Corporation, it continuously develops the internet business.

Reasons for and Benefits of the Transaction

The Company considers the acquisition of the Besttone New Shares (being tradable shares of a listed company) through an exchange of shares will provide predictability for exit from the Esurfing project, and accordingly the Transaction is in the interests of the Company and its shareholders.

As completion of the Transaction is subject to the fulfillment of certain preconditions, the Transaction may or may not necessarily proceed to completion. Therefore, shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 1 August 2016

**For identification purposes only*

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