

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)

TRANSACTION FOR CONVERTIBLE LOAN TO RONG BAO ZHAI CULTURE

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, together with Rong Bao Zhai and 榮寶齋文化有限公司 (Rong Bao Zhai Culture Co., Ltd.*, “**Rong Bao Zhai Culture**”) entered into an agreement for a loan convertible into equity interest on 7 December 2016 in relation to Rong Bao Zhai Culture, pursuant to which Tian Zheng agrees to advance cash of RMB300,000,000 to Rong Bao Zhai Culture for a period of 5 years, and has the right to convert such fund into shareholding in Rong Bao Zhai Culture during such period.

Information on Rong Bao Zhai Culture

As the Company understands, Rong Bao Zhai Culture was established in December 2015. Its main businesses include sale of artists’ materials, handicraft articles, calligraphy painting, framed calligraphy painting, seal-crafting art pieces, holding exhibition displays and organising cultural and artistic exchange activities, and its controlling shareholder is Rong Bao Zhai. As the Company understands, Rong Bao Zhai Culture will be an important business development platform for Rong Bao Zhai.

Information on Rong Bao Zhai

As the Company understands, Rong Bao Zhai is a reputable and long-established enterprise in China with a history of over 300 years to date. Its major businesses include sale of books and paintings, antique, artists’ materials, wooden watermark calligraphy painting, framed calligraphy painting, metal and stone seal-crafting, calligraphy painting as well as handicraft art pieces.

Reasons for and Benefits of the Transaction for Convertible Loan to Rong Bao Zhai Culture

With the continual development of China's economy, the living standard of its people has been improving. There is an increasing demand for cultural and art pieces from corporate organisations and among the people in China. Rong Bai Zhai Culture is in an industry with a significant growth potential in the future. The Company considers that Rong Bao Zhai has a long-established history and is an influential and prestigious enterprise in the industry. With the support of Rong Bao Zhai, its controlling shareholder, Rong Bao Zhai Culture will have great development potentials in the future.

The Company believes that the transaction for convertible loan to Rong Bao Zhai Culture will provide an opportunity for the Company to increase its proportion of investment in the culture and media industry, 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, 7 December 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.