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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)

NOTIFICATION OF AMENDMENT IN INVESTMENT POLICY

Pursuant to the Prospectus of the Company dated 15 July 1993, the shareholders of the Company will be notified of any material amendment in the investment policy of the Company.

Hong Kong, 5 July 2019

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as amended, supplemented or modified from time to time
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China
“Company”	China Merchants China Direct Investments Limited, a company duly incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 133)
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Prospectus”	the prospectus of the Company dated 15 July 1993
“Share(s)”	the share(s) of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

LETTER FROM THE BOARD



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)

Mr. ZHANG Jian* (*Chairman*)

Mr. ZHANG Rizhong*

Mr. CHU Lap Lik, Victor[#]

Mr. WANG Xiaoding[#]

Mr. TSE Yue Kit[#]

Ms. KAN Ka Yee, Elizabeth

(*alternate to Mr. CHU Lap Lik, Victor[#]*)

Mr. KE Shifeng*

Mr. LIU Baojie**

Mr. TSANG Wah Kwong**

Dr. LI Fang**

Registered Office:

1609, Three Pacific Place

1 Queen's Road East

Hong Kong

[#] *Executive Directors*

* *Non-executive Directors*

** *Independent Non-executive Directors*

5 July 2019

To the Shareholders

Dear Sir or Madam,

NOTIFICATION OF AMENDMENT IN INVESTMENT POLICY

1. Reference is made to the "Investment Objectives and Policy" set out on page 14 of the Prospectus (as amended by resolution of the Directors passed at a meeting of the Board held on 25 September 2000 and took effect on 28 December 2000 pursuant to the announcement of the Company dated 28 December 2000 and notified to the Shareholders by way of a circular of the Company dated 28 December 2000).
2. According to page 14 of the Prospectus, the Directors are responsible for the formation of the Company's investment policy and any subsequent amendments to this policy in light of political and/or economic conditions.

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3. The relevant investment policy as stated in paragraph 9.1 of the circular of the Company dated 28 December 2000 was as follows:-

“The Company may also invest not more than US\$10Million in hi-tech projects, including initial public offerings and/or pre-listing placements; and not more than 10 percent of its Net Asset Value in:-

- (a) China-concept shares,
 - (b) “H” shares,
 - (c) “B” shares, and
 - (d) any shares listed in the Hong Kong Special Administrative Region provided that the main business or income of the companies in question are derived from the People’s Republic of China including the Hong Kong Special Administrative Region.”
4. Under the current wording of the investment policy of the Company referred to in paragraph 3 above, the Company may invest not more than US\$10 million in hi-tech projects, including initial public offerings and/or pre-listing placements. Such investments referred only to investments in hi-tech projects acquired through initial public offerings and/or pre-listing placements, and did not elaborate on the Company’s investment intention of also investing in shares of listed hi-tech companies acquired through the secondary securities market as well as in shares of hi-tech companies acquired through direct investments into unlisted companies.
5. Furthermore, the current wording of the investment policy of the Company referred to “hi-tech projects” but did not elaborate on the scope and definition of such term. The investment environment in the information technology field has evolved dramatically since the investment policy of the Company was amended pursuant to the circular of the Company dated 28 December 2000, and technology elements have become widely used in different industries. Referring to “hi-tech projects” in the Company’s investment policy may unnecessarily impose ambiguous restrictions on the making of investments by the Company.
6. In order to update the investment policy of the Company and to ensure such policy can properly reflect the Company’s investment intentions, it is therefore appropriate to amend the current wording of the investment policy of the Company by:
- (a) deleting the term “hi-tech projects” and the corresponding investment limit of US\$10 million; and
 - (b) no longer specifying “H” shares, “B” shares and any shares listed in Hong Kong provided that the main business or income of the companies in question are derived from the PRC including Hong Kong, as they all belong to China-concept shares.

In addition, the Company would like to clarify that the limit of 10 percent of the Net Asset Value of the Company in listed securities contained in the investment policy of the Company shall not apply to participation in initial public offerings in the capacity as cornerstone investors and investments in unlisted interests which are subsequently converted into listed securities.

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7. The last paragraph of page 14 of the Prospectus also provides that the investment policy may be amended from time to time by the Directors if and as they shall deem it to be in the best interest of the Company to do so, and that the Shareholders will be notified of any material amendments.
8. The Articles of Association do not contain any investment policy or restrictions on the investment policy of the Company.
- 8.1 The Board has resolved to amend the investment policy of the Company as set out in paragraph 9.1 of the circular of the Company dated 28 December 2000 by replacing the following paragraph:-

“The Company may also invest not more than US\$10Million in hi-tech projects, including initial public offerings and/or pre-listing placements; and not more than 10 percent of its Net Asset Value in:-

- (a) China-concept shares,
- (b) “H” shares,
- (c) “B” shares, and
- (d) any shares listed in the Hong Kong Special Administrative Region provided that the main business or income of the companies in question are derived from the People’s Republic of China including the Hong Kong Special Administrative Region.”

with the following new paragraph:

“The Company may also invest not more than 10 percent of its Net Asset Value in China-concept shares^(Note) through the secondary securities market (such limit does not apply to participation in initial public offerings in the capacity as cornerstone investors and investments in unlisted interests which are subsequently converted into listed securities).”

Note: China-concept shares refer to shares or the securities of companies with significant business interests in China, or which derive a significant part of their income from China, and which are listed on the Stock Exchange and/or other recognized stock exchanges. A recognized stock exchange refers to any stock exchange operated by a recognized exchange company within the laws of the jurisdiction in which the stock exchange is incorporated or otherwise established, including but not limited to the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, National Equities Exchange and Quotations (NEEQ), the New York Stock Exchange, NASDAQ and the London Stock Exchange.

- 8.2 The amendments as mentioned in this letter will take effect upon the making of formal announcement and notification to the Shareholders.

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9. The Directors consider that such amendments are in the best interest of the Company.
10. This letter therefore constitutes notice to the Shareholders of such amendments in the investment policy of the Company as explained above.

By Order of the Board
ZHANG Jian
Chairman