

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)

TRANSFER OF THE EQUITY INTEREST IN JIANGSU HUAER

Reference is made to the announcement of China Merchants China Direct Investments Limited (the “**Company**”) dated 7 September 2010 in relation to the capital injection of RMB15,000,000 in cash made by Shenzhen Tian Zheng Investment Co., Ltd. (“**Tian Zheng**”), a wholly-owned subsidiary of the Company, into 揚州華爾光電子材料有限公司 (Yangzhou Huaer Optoelectronic Material Co., Ltd.*) (which subsequently underwent joint-stock system restructuring and ultimately changed its name to 江蘇華爾石英材料股份有限公司 (Jiangsu Huaer Quartz Materials Co., Ltd.*, “**Jiangsu Huaer**”), and that Tian Zheng became a shareholder holding 7.50% equity interest of Jiangsu Huaer upon completion of the capital injection.

The Company announces that an assignee designated by the de facto controller of Jiangsu Huaer (the “**Assignee**”) and Tian Zheng entered into an agreement dated 26 May 2020, whereby Tian Zheng agreed to transfer and the Assignee agreed to acquire the entire 7.50% equity interest in Jiangsu Huaer held by Tian Zheng for consideration of RMB1,959,606.96. Tian Zheng had received payment of such consideration on 28 May 2020, and will carry out the registration procedures for the change in shareholding in Jiangsu Huaer in accordance with the Assignee’s instruction to complete this transfer.

Reasons for and Benefits of the Transfer of the Equity Interest in Jiangsu Huaer

Due to the limitation on the construction scale of photovoltaic power plants and the reduction of price subsidies for electricity by a new photovoltaic policy introduced in 2018, Jiangsu Huaer’s customers have successively reduced production, which in turn has reduced demand for single crystalline silicon electric cells and silica crucibles. Meanwhile, due to past-due trade receivables, the turnover of Jiangsu Huaer’s working capital has been slow and its financing costs have remained high, greatly affecting its normal business production and operations. It is expected that Jiangsu Huaer will have difficulty in turning around its losses in the future. In order to avoid further losses, the Company considers that an early exit from this investment is in the interest of the Company and its shareholders.

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

Hong Kong, 29 May 2020

** For identification purposes only*

As at the date hereof, the Executive Directors of the Company are Mr. WANG Xiaoding, Mr. TSE Yue Kit and Ms. KAN Ka Yee, Elizabeth; the Non-executive Directors are Mr. ZHANG Jian, Mr. ZHANG Rizhong and Mr. KE Shifeng; and the Independent Non-executive Directors are Mr. LIU Baojie, Mr. TSANG Wah Kwong and Dr. LI Fang. In addition, Mr. CHU Lap Lik, Victor is the Alternate Director to Ms. KAN Ka Yee, Elizabeth.