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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  
TEMPORARY RE-APPOINTMENT OF  
CHINA MERCHANTS CHINA INVESTMENT MANAGEMENT LIMITED  
AS INVESTMENT MANAGER**

Reference is made to the poll results announcements of the Company dated 29 November 2024 and the Announcement of the Company regarding matters in relation to the appointment of investment manager as a result of the poll results of the EGM No.1 and the extraordinary general meeting no.2 held on 29 November 2024. As disclosed in the Announcement, the ordinary resolution proposed at the EGM No.1 to approve the Three-Year Management Agreement and the proposed annual caps was not passed. Therefore, the Three-Year Management Agreement did not become effective and was thus terminated. To ensure the continuity of the Company's investment management operations, the Company entered into the Existing Management Agreement with CMCIM on 17 December 2024 for the temporary re-appointment of CMCIM as the Company's investment manager. A supplemental agreement was subsequently entered into with CMCIM on 20 June 2025 to extend the term of the Existing Management Agreement to 31 December 2025.

In view that the Existing Management Agreement will expire on 31 December 2025, and in order to allow more time for the Company to consider and decide on and to ensure the continuity of its investment management operations, the Company and CMCIM entered into the New Temporary Management Agreement on 22 December 2025 for the temporary re-appointment of CMCIM as the Company's investment manager for the Management Period which will commence immediately following the expiry date of the Existing Management Agreement on 31 December 2025.

CMCIM, as the investment manager of the Company since 1993, is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules. Accordingly, the entering of the New Temporary Management Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the New

Temporary Management Agreement is higher than 0.1% but less than 25% and the maximum consideration contemplated under the New Temporary Management Agreement is less than HK\$10,000,000, the entering into of the New Temporary Management Agreement is subject to the reporting and announcement requirements, but exempt from the circular and the independent shareholders' approval requirements under Rule 14A.76(2)(b) of the Listing Rules.

## **THE NEW TEMPORARY MANAGEMENT AGREEMENT**

Reference is made to the poll results announcements of the Company dated 29 November 2024 and the Announcement of the Company regarding matters in relation to the appointment of investment manager as a result of the poll results of the EGM No.1 and the extraordinary general meeting no.2 held on 29 November 2024. As disclosed in the Announcement, the ordinary resolution proposed at the EGM No.1 to approve the Three-Year Management Agreement and the proposed annual caps was not passed. Therefore, the Three-Year Management Agreement did not become effective and was thus terminated. To ensure the continuity of the Company's investment management operations, the Company entered into the Existing Management Agreement with CMCIM on 17 December 2024 for the temporary re-appointment of CMCIM as the Company's investment manager. A supplemental agreement was subsequently entered into with CMCIM on 20 June 2025 to extend the term of the Existing Management Agreement to 31 December 2025.

In view of the expiry of the Existing Management Agreement on 31 December 2025, and in order to allow more time for the Company to consider and decide on and to ensure the continuity of its investment management operations, the Company and CMCIM entered into the New Temporary Management Agreement on 22 December 2025 for the temporary re-appointment of CMCIM as the Company's investment manager for the Management Period which will commence immediately following the expiry date of the Existing Management Agreement on 31 December 2025.

### **Principal terms**

The principal terms of the New Temporary Management Agreement are as follows:

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| Term of appointment: | The appointment of CMCIM is for a term of six months, commencing on 1 January 2026 and ending on 30 June 2026. The Company may terminate earlier by giving CMCIM not less than thirty days' written notice.  |
| Services:            | CMCIM shall undertake all investment and management duties arising pursuant to the operations of the Company, and the responsibilities of CMCIM shall include identifying and evaluating investment opportunities, executing investment decisions, monitoring and enhancing investments of the Group (including accelerating the exit from the Group's existing investment projects), making decisions on investments and realisations for the Group in accordance with the investment objectives and policy of the Company as described in the Prospectus and as from time to time laid down by the Directors, managing the |

corporate affairs of the Company and dealing with its day-to-day administration, strengthening the management of the Company's net assets and safeguarding its market value, and ensuring the stable operation of the Company.

**Remuneration:** Management Fee: The Company shall pay to CMCIM a management fee of HKD7 million (or the equivalent amount in US dollars or RMB), payable in six equal instalments of approximately HKD1.167 million (or the equivalent amount in US dollars or RMB) each on the last day of each month (pro-rated for the final month in the event of early termination).

Discretionary Performance Fee: The Company shall pay CMCIM a discretionary performance fee of up to HKD1 million (or the equivalent amount in US dollars or RMB). The mechanism and criteria for determining the performance fee are as follows: fifteen days prior to the termination of the agreement, the Board shall evaluate CMCIM's investment management performance. (i) Should the Group's existing investments have achieved an exit amount of HKD300 million or more during the Management Period, the Company shall pay a performance fee of HKD1 million (or the equivalent amount in US dollars or RMB); (ii) should (i) not be satisfied, the Board shall comprehensively evaluate the exit amount of the Group's existing investments during the Management Period, the increase in the Company's net assets, and the increase in market capitalization of the Company, and may, at its discretion, consider paying a performance fee to CMCIM. Should the Board decide to pay a performance fee, the entire amount thereof shall be paid by the Company to CMCIM in a lump sum within fifteen days following the evaluation date.

## **BASIS OF DETERMINATION OF THE REMUNERATION UNDER THE NEW TEMPORARY MANAGEMENT AGREEMENT**

Compared to the Existing Management Agreement, the New Temporary Management Agreement offers a more competitive remuneration structure for the investment manager and better aligns with the interests of the Company and its shareholders. This is specifically reflected in:

- (i) The maximum amount of remuneration under the New Temporary Management Agreement being set at HKD8 million (or the equivalent amount in US dollars or RMB), representing a reduction of approximately 19.19% from that under the Existing Management Agreement.
- (ii) The remuneration under the New Temporary Management Agreement comprises two components, namely, the Management Fee and the Discretionary Performance Fee. The Management Fee is paid monthly as a fixed amount, with the total Management Fee depending on the actual duration of the appointment of CMCIM.

- (iii) Payment of the Discretionary Performance Fee is subject to certain performance conditions, with the primary payment condition linked to the exit amount of the Group's existing investments during the Management Period, which will incentivize the investment manager to optimize the Group's existing investment portfolio, thereby further increasing the Company's investable capital through organic means and enabling the Company to capture better investment opportunities in a timely manner. The condition triggering the Company's full payment of HKD1 million (or the equivalent amount in US dollars or RMB) in performance fees is the Group's existing investments achieving an exit amount of HKD300 million during the Management Period, which represents approximately 4.57% of the Company's net asset value as of 30 November 2025, and is expected to have a significant impact on the Company's asset allocation.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW TEMPORARY MANAGEMENT AGREEMENT**

In view of the expiry of the Existing Management Agreement on 31 December 2025, entering into the New Temporary Management Agreement with CMCIM in relation to the temporary re-appointment of CMCIM as the Company's investment manager for the Management Period ensures continuity in the Company's investment management operations during this transitional period. The New Temporary Management Agreement provides the Company with the necessary time to assess its options and determine its best alternatives while ensuring that there will be minimal disruption to the Group's ongoing investment activities.

The remuneration under the New Temporary Management Agreement determined by negotiation between the Company and CMCIM is significantly below market rates, reflecting a favourable arrangement for the Company. Furthermore, CMCIM's remuneration shall comprise the Management Fee and the Discretionary Performance Fee, thereby aligning its interests with the Group's investment performance during the Management Period. Concurrently, the Company retains the unilateral right to terminate the New Temporary Management Agreement prematurely. The Company's objective is to clearly define, within the Management Period, the future development path and operational model that are most beneficial to the Company and its shareholders. This includes promoting the internalisation of the Company's management functions, while focusing on several core investment tracks, and feasible paths such as selecting long-term cooperative investment managers with professional capabilities. The Board is actively formulating measures and steps to achieve the goal of further optimising the Company's investment management and operations starting from the Management Period.

Given CMCIM's extensive experience having provided investment management services to the Company since its inception in 1993, and the broad range of services that CMCIM provides including investment sourcing, execution, accounting, compliance and oversight of service providers, the New Temporary Management Agreement will ensure that the Group's operations will continue smoothly during the aforesaid transitional period.

## **LISTING RULE IMPLICATIONS**

CMCIM, as the investment manager of the Company since 1993, is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules. Accordingly, the entering of the New Temporary Management Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (other than the profits ratio) in respect of the New Temporary Management Agreement is higher than 0.1% but less than 25% and the maximum consideration contemplated under the New Temporary Management Agreement is less than HK\$10,000,000, the entering into of the New Temporary Management Agreement is subject to the reporting and announcement requirements, but exempt from the circular and the independent shareholders' approval requirements under Rule 14A.76(2)(b) of the Listing Rules.

## **VIEWS OF THE DIRECTORS**

The Directors (including the independent non-executive Directors) are of the view that the terms of and the transaction contemplated under the New Temporary Management Agreement are better than normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and its shareholders as a whole.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors has a material interest in the New Temporary Management Agreement, saved for Ms. KAN Ka Yee, Elizabeth, who is interested in the New Temporary Management Agreement by virtue of her beneficial interest in CMCIM and has abstained from voting on (and was not counted in the quorum for) the relevant resolutions of the Board approving the same.

## **INFORMATION IN RESPECT OF THE COMPANY AND CMCIM**

The Company is an investment company, the Shares of which are listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. The Company specialises 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 through the secondary securities market.

CMCIM is a fund management company which manages the investment portfolio and deals with day-to-day administration of the Company. Pursuant to the Existing Management Agreement, CMCIM is responsible for identifying and researching prospective investments for the Group. The Board is responsible for formulating the Company's overall investment strategy and guidelines that CMCIM shall follow in making investments.

## **GENERAL**

CMCIM is owned as to 55% by CMG (through its associates) and as to 45% by Victor Chu

China Investment Limited. CMG is a state-owned enterprise of the PRC principally engaged in transportation, financial services and real estate. The ultimate beneficial owners of Victor Chu China Investment Limited are Mr. CHU Lap Lik, Victor (80%) and Ms. KAN Ka Yee, Elizabeth (20%). As at the date of this announcement, the associates of CMG collectively hold approximately 27.59% shareholding interests in the Company, whereas the associates of Victor Chu China Investment Limited collectively hold approximately 2.05% shareholding interests in the Company.

## DEFINITIONS

“Announcement”	the voluntary announcement of the Company regarding matters in relation to the appointment of investment manager as a result of the poll results of the EGM No.1 and the extraordinary general meeting no.2 held on 29 November 2024 dated 29 November 2024
“Associates”	the same meaning as is provided in the Listing Rules
“Board”	the board of directors of the Company from time to time
“CMCIM”	China Merchants China Investment Management Limited, a fund management company incorporated in Hong Kong with limited liability and registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“CMG”	China Merchants Group Limited, a company incorporated in the PRC with limited liability which (through its associates) owns 55% of CMCIM and is also a substantial shareholder of the Company
“Company”	China Merchants China Direct Investments Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 00133)
“Directors”	the directors of the Company
“Discretionary Performance Fee”	a performance fee of up to HKD1 million (or the equivalent amount in US dollars or RMB) that the Company may pay to CMCIM under the New Temporary Management Agreement
“EGM No.1”	the extraordinary general meeting of the Company

	held as a hybrid meeting on 29 November 2024 at 10:00 a.m. to consider and, if thought fit, approve the Three-Year Management Agreement and the transactions contemplated thereunder and the proposed annual caps
“Existing Management Agreement”	the investment management agreement entered into between the Company and CMCIM dated 17 December 2024 for the provision of investment management services from 1 January 2025 to 30 June 2025, which term was extended to 31 December 2025 pursuant to a supplemental agreement
“Group”	the Company and its subsidiaries
“HKD”	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, as amended from time to time
“Management Fee”	the management fee of HKD7 million (or the equivalent amount in US dollars or RMB), to be paid to CMCIM by the Company in six equal instalments on the last day of each month under the New Temporary Management Agreement
“Management Period”	the term of appointment of CMCIM for a term of six months commencing on 1 January 2026 and ending on 30 June 2026 under the New Temporary Management Agreement (subject to earlier termination by the Company by written notice)
“New Temporary Management Agreement ”	the investment management agreement entered into between the Company and CMCIM dated 22 December 2025 for the provision of investment management services from 1 January 2026 to 30 June 2026 (subject to earlier termination by the Company by written notice)
“PRC”	the People’s Republic of China, which for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Prospectus”	the prospectus dated 15 July 1993 issued by the Company in connection with the placing of Shares on the terms described therein
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	the ordinary shares in the issued share capital of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Three-Year Management Agreement”	the investment management agreement dated 18 October 2024 entered into between the Company and CMCIM in relation to the provision of investment management services from 1 January 2025 to 31 December 2027
“US dollar”	United States Dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board  
**WANG Xiaoding**  
*Director*

Hong Kong, 22 December 2025

*As at the date hereof, the Executive Directors of the Company are Mr. WANG Xiaoding and Ms. KAN Ka Yee, Elizabeth; the Non-executive Directors are Mr. ZHOU Xing, Ms. YAO Wang, Mr. KE Shifeng and Mr. ZOU Chuan; and the Independent Non-executive Directors are Mr. TSANG Wah Kwong, Dr. LI Fang, Dr. GONG Shaolin, Mr. Michael Charles VITERI and Mr. ZHU Qi.*