



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)



Interim Report

For the six months ended 30 June 2024

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. ZHOU Xing* (*Chairman*)
 Mr. ZHANG Rizhong*
 Mr. WANG Xiaoding#
 Ms. KAN Ka Yee, Elizabeth#
 Mr. KE Shifeng*
 Mr. TSE Yue Kit*
 Mr. TSANG Wah Kwong**
 Dr. LI Fang**
 Dr. GONG Shaolin**
 Mr. Michael Charles VITERI**
 Mr. ZHU Qi **

Executive Directors

* *Non-executive Directors*

** *Independent Non-executive Directors*

INVESTMENT COMMITTEE

Mr. ZHOU Xing
 Mr. ZHANG Rizhong
 Mr. WANG Xiaoding
 Ms. KAN Ka Yee, Elizabeth

AUDIT COMMITTEE

Mr. TSANG Wah Kwong
 Dr. LI Fang
 Mr. ZHU Qi

NOMINATION COMMITTEE

Mr. ZHOU Xing
 Mr. TSANG Wah Kwong
 Dr. LI Fang

COMPANY SECRETARY

Mr. LEUNG Chong Shun

INVESTMENT MANAGER

China Merchants China Investment Management Limited

1604-09, Three Pacific Place,
 1 Queen's Road East,
 Hong Kong

AUDITOR

KPMG

Registered Public Interest Entity Auditor

8th Floor, Prince's Building,
 10 Chater Road,
 Central,
 Hong Kong

LEGAL ADVISERS

Herbert Smith Freehills
 Victor Chu & Co
 Woo Kwan Lee & Lo

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
 (Asia) Limited
 China Merchants Bank Co., Ltd.

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716,
 17th Floor, Hopewell Centre,
 183 Queen's Road East,
 Wan Chai,
 Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

1609, Three Pacific Place,
 1 Queen's Road East,
 Hong Kong

Stock Code: 00133.HK

Website: www.cmcdi.com.hk

RESULTS

The Board of Directors of China Merchants China Direct Investments Limited (the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2024	2023
		<i>(unaudited)</i>	<i>(unaudited)</i>
	NOTES	<i>US\$</i>	<i>US\$</i>
Net gain on financial assets at fair value through profit or loss	4	75,152,945	80,411,139
Investment income	5	1,931,659	1,072,112
Other net gains		719,136	1,070,507
Administrative expenses		(5,493,400)	(5,567,698)
Profit before taxation	7	72,310,340	76,986,060
Taxation	8	(12,806,848)	(13,303,100)
Profit for the period		59,503,492	63,682,960
Other comprehensive expense for the period Item that will not be reclassified subsequently to profit or loss Exchange difference arising on translation to presentation currency		(2,893,183)	(20,523,309)
Total comprehensive income for the period		56,610,309	43,159,651
Profit for the period attributable to owners of the Company		59,503,492	63,682,960
Total comprehensive income for the period attributable to owners of the Company		56,610,309	43,159,651
Basic earnings per share	9	0.391	0.418

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2024 (unaudited) US\$	31 December 2023 (audited) US\$
	<i>NOTES</i>		
Non-current asset			
Financial assets at fair value through profit or loss	3	713,995,664	599,257,512
Current assets			
Financial assets at fair value through profit or loss	3	1,185,607	84,057,091
Other receivables and prepayments	10	206,090	117,520
Cash and cash equivalents		42,316,068	8,627,649
		43,707,765	92,802,260
Current liabilities			
Other payables	11	24,397,188	24,964,261
Dividend payable	12	12,186,641	—
Taxation payable		452,084	2,264,067
		37,035,913	27,228,328
Net current assets		6,671,852	65,573,932
Total assets less current liabilities		720,667,516	664,831,444
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	16	1,054,097	1,067,166
Deferred taxation	13	117,249,963	105,824,490
		118,304,060	106,891,656
Net assets		602,363,456	557,939,788
Capital and reserves			
Share capital	14	139,348,785	139,348,785
Reserves		57,293,316	60,186,499
Retained profits		405,721,355	358,404,504
Equity attributable to owners of the Company		602,363,456	557,939,788
Net asset value per share	15	3.954	3.663

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>US\$</i>	Translation reserve <i>US\$</i>	General reserve <i>US\$</i>	Retained profits <i>US\$</i>	Equity attributable to owners of the Company <i>US\$</i>
Balance at 1 January 2024 (audited)	<u>139,348,785</u>	<u>46,508,813</u>	<u>13,677,686</u>	<u>358,404,504</u>	<u>557,939,788</u>
Profit for the period	—	—	—	59,503,492	59,503,492
Exchange difference arising on translation to presentation currency	—	<u>(2,893,183)</u>	—	—	<u>(2,893,183)</u>
Total comprehensive (expense) income for the period	—	<u>(2,893,183)</u>	—	<u>59,503,492</u>	<u>56,610,309</u>
2023 final and special dividends declared	—	—	—	<u>(12,186,641)</u>	<u>(12,186,641)</u>
Balance at 30 June 2024 (unaudited)	<u>139,348,785</u>	<u>43,615,630</u>	<u>13,677,686</u>	<u>405,721,355</u>	<u>602,363,456</u>
Balance at 1 January 2023 (audited)	<u>139,348,785</u>	<u>55,202,478</u>	<u>13,635,504</u>	<u>363,383,686</u>	<u>571,570,453</u>
Profit for the period	—	—	—	63,682,960	63,682,960
Exchange difference arising on translation to presentation currency	—	<u>(20,523,309)</u>	—	—	<u>(20,523,309)</u>
Total comprehensive (expense) income for the period	—	<u>(20,523,309)</u>	—	<u>63,682,960</u>	<u>43,159,651</u>
2022 final dividend declared	—	—	—	<u>(10,663,311)</u>	<u>(10,663,311)</u>
Balance at 30 June 2023 (unaudited)	<u>139,348,785</u>	<u>34,679,169</u>	<u>13,635,504</u>	<u>416,403,335</u>	<u>604,066,793</u>

The general reserve represents the general reserve fund, which is 10% of its net profit set aside by each of the subsidiaries incorporated in The People's Republic of China ("PRC") until the balance reaches 50% of its registered capital, in accordance with relevant laws and regulations of the PRC and is not available for distribution.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 <i>(unaudited)</i> US\$	2023 <i>(unaudited)</i> US\$
OPERATING ACTIVITIES		
Profit before taxation	72,310,340	76,986,060
Adjustments for:		
Interest income	(304,361)	(254,818)
Dividend income from equity investments	(1,627,298)	(817,294)
Net gain on financial assets at fair value through profit or loss	(75,152,945)	(80,411,139)
Operating cash flows before movements in working capital	(4,774,264)	(4,497,191)
Proceeds from disposal of financial assets at fair value through profit or loss	38,734,044	828,954
Return of capital from financial assets at fair value through profit or loss	1,164,842	354,467
Decrease in other receivables and prepayments	28,716	10,531
Decrease in other payables	(567,073)	(2,509,712)
Decrease in financial liabilities designated at fair value through profit or loss	(59,103)	(19,038)
Cash generated from (used in) operations	34,527,162	(5,831,989)
Interest received	233,109	266,040
Dividends received	1,627,298	817,294
Income taxes paid	(2,597,348)	(1,249,112)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	33,790,221	(5,997,767)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	33,790,221	(5,997,767)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	8,627,649	25,489,216
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(101,802)	(279,546)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	42,316,068	19,211,903

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The financial information relating to the year ended 31 December 2023 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is stated below.

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s then auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policy information and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 and relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1	Classification of liabilities as current or non-current and related amendments to Hong Kong Interpretation 5 (2020)
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The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior interim periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

The Group’s activities expose it to a variety of financial risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The unaudited condensed consolidated financial statements do not include all financial risk management information and disclosures required for the annual consolidated financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2023.

There has been no change in the risk management policies during the current interim period.

Fair value of the Group’s financial assets and financial liabilities that are measured at fair value on a recurring basis

Most of the Group’s financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets	30 June	31 December	Fair value hierarchy	Valuation techniques	Significant unobservable input(s)	30 June	31 December	Relationship of unobservable inputs to fair value	30 June	31 December
	2024 (unaudited) US\$	2023 (audited) US\$				2024 (unaudited) Range	2023 (audited) Range		2024 (unaudited) US\$	2023 (audited) US\$
Financial assets at fair value through profit or loss ("FVTPL")										
Listed equity securities (Note 1)	306,830,653	262,321,922	Level 1	Quoted bid prices in active market	N/A	N/A	N/A	N/A	N/A	N/A
Equity securities (including equity securities traded on the National Equities Exchange and Quotations ("New Third Board") and unlisted equity securities), unlisted preferred equity and participating preferred unit (Note 1)	284,737,427	246,541,647	Level 3	Market comparable companies	-Earnings multiples -Revenue multiples -Book value multiples -R&D expense multiples	24.6x - 36.3x 1.3x - 12.8x 0.5x - 2.6x 13.8x - 35.1x	21.9x - 32.9x 1.5x - 16.8x 0.6x - 2.2x 21.5x	The higher the multiples, the higher the fair value	+32,119,000/ -32,119,000	+24,405,000/ -24,405,000
					-Discount rate for lack of marketability and specific risk	50.1%	41.1% - 52.9%	The higher the discount rate, the lower the fair value	-6,495,000/ +6,495,000	-18,395,000/ +18,395,000
Unlisted debt investment (Notes 1 and 4)	5,346,437	5,349,655	Level 3	Discounted cash flow	-Discount rate	0%	1.0%	The higher the discount rate, the lower the fair value	—	-3,000/ +3,000
Unlisted equity (Note 1)	45,705,861	51,463,425	Level 3	Net asset value	-Net asset value of the underlying investments	N/A	N/A	The higher the net asset value, the higher the fair value	N/A	N/A
Unlisted equity securities and unlisted preferred equity (Note 1)	72,560,893	117,637,954	Level 3	Recent transaction price with discount/premium	-Discount/premium for events/changes after transaction price	0%	0%	The higher the discount/premium, the lower/higher the fair value	+7,256,089/ -7,256,089	+11,763,795/ -11,763,795
Closing balance	<u>715,161,271</u>	<u>683,314,603</u>								

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Note 1: Financial assets at FVTPL represent those investments measured at fair value with subsequent fair value gains or losses to be recognised in profit or loss.

Note 2: Amount represents increase(+)/decrease(-) in fair value of the financial assets if the unobservable inputs were 10% increase/decrease while all the other variables were held constant.

Note 3: The analysis of financial liabilities is set out in note 16.

Note 4: Pursuant to the agreement, the loan, subject to the fulfillment of certain precedent conditions which are not under the control of the Group, could be converted into equity interest of Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values at both period or year end.

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTPL US\$
Balance at 1 January 2024 (audited)	420,992,681
Gains recognised in profit or loss	29,113,986
Exchange difference arising on translation to presentation currency	(1,805,334)
Disposals	(38,785,873)
Return of capital	(1,164,842)
Balance at 30 June 2024 (unaudited)	408,350,618
Balance at 1 January 2023 (audited)	360,956,725
Gains recognised in profit or loss	81,565,305
Exchange difference arising on translation to presentation currency	(13,645,901)
Return of capital	(354,467)
Balance at 30 June 2023 (unaudited)	428,521,662

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation of Level 3 fair value measurements of financial assets: (continued)

Of the total gains for the period included in profit or loss, gain of US\$29,113,986 (six months ended 30 June 2023: US\$81,565,305) relates to financial assets at FVTPL categorised in Level 3 held at the end of the reporting period. Fair value gains or losses on financial assets at FVTPL are included in "Net gain on financial assets at fair value through profit or loss". Transfers between levels of the fair value measurement hierarchy are recognised as of the date of the event or change in circumstances that caused the transfer.

Reconciliation of Level 3 fair value measurements of financial liabilities:

	Financial liabilities designated at FVTPL US\$
Balance at 1 January 2024 (audited)	974,107
Change in fair value	(4,110)
Balance at 30 June 2024 (unaudited)	969,997
Balance at 1 January 2023 (audited)	801,240
Change in fair value	252,124
Balance at 30 June 2023 (unaudited)	1,053,364

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value measurements and valuation processes

A guideline on the fair value measurements has been applied to the regular assessment of fair value of an asset. Fair value of listed investments, except those listed on the New Third Board, is determined based on the quoted market bid prices available on the relevant stock exchanges. Fair value of certain unlisted investments is arrived at by reference to their recent transaction prices. For unlisted investments and investments listed on the New Third Board with no recent transactions noted, their fair values are arrived at on the basis of valuations carried out by an independent valuer on a half-yearly basis. Determination of fair value is based on the best information available in the circumstances and includes appropriate risk adjustments for lack of marketability. Factors considered in determining the fair value of these investments include multiples of comparable companies listed on stock exchanges and discount rates based on market information. The valuation report prepared by the independent valuer is reported to and reviewed by the management on a half-yearly basis.

4. NET GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The following is an analysis of net gain (loss) on investments of the Group for the six months ended 30 June 2024. The amounts of realised gain (loss) represent the difference between the fair value at the beginning of the period or purchase date in the period and the disposal date of financial instruments while the amounts of unrealised gain (loss) represent the change of fair value during the period of financial instruments held by the Group as at the period end:

	Six months ended 30 June	
	2024 (unaudited) US\$	2023 (unaudited) US\$
Net gain (loss) on financial assets at FVTPL		
Listed investments		
Realised	—	44,889
Unrealised	45,574,217	(1,973,443)
Unlisted investments		
Realised	(51,829)	—
Unrealised	29,630,557	82,339,693
Total	75,152,945	80,411,139

5. INVESTMENT INCOME

Investment income represents the income received and receivable on investments during the period as follows:

	Six months ended 30 June	
	2024	2023
	(unaudited)	(unaudited)
	US\$	US\$
Interest income on bank deposits	304,361	254,818
Dividend income on financial assets at FVTPL	1,627,298	817,294
Total	1,931,659	1,072,112

6. SEGMENTAL INFORMATION

The Group's reportable segments, based on information reported to the chief operating decision maker for the purposes of resources allocation and performance assessment, are as follows:

- (a) Financial services: investees engaged in financial services activities;
- (b) Culture, media and consumption: investees engaged in culture, media and consumption activities; and
- (c) Information technology: investees engaged in information technology activities.

The Group also invested in manufacturing, energy and resources and medical activities (2023: manufacturing, energy and resources and medical activities), and none of these segments met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, these were grouped in "Others" during the current period.

Information regarding the above segments is reported below.

6. SEGMENTAL INFORMATION (CONTINUED)

The following is an analysis of the Group's reportable and operating segments for the period under review.

For the six months ended 30 June 2024

	Reportable segments				Others <i>US\$</i>	Total <i>US\$</i>
	Financial services <i>US\$</i>	Culture, media and consumption <i>US\$</i>	Information technology <i>US\$</i>	Total reportable segments <i>US\$</i>		
Net gain (loss) on financial assets at FVTPL	60,430,924	5,357,508	12,437,976	78,226,408	(3,073,463)	75,152,945
Dividend income on financial assets at FVTPL	—	1,627,298	—	1,627,298	—	1,627,298
Other gains	—	1,290,176	—	1,290,176	—	1,290,176
Segment profit (loss)	<u>60,430,924</u>	<u>8,274,982</u>	<u>12,437,976</u>	<u>81,143,882</u>	<u>(3,073,463)</u>	<u>78,070,419</u>
Unallocated:						
– Administrative expenses						(5,493,400)
– Interest income on bank deposits						304,361
– Other losses						(571,040)
Profit before taxation						<u>72,310,340</u>

6. SEGMENTAL INFORMATION (CONTINUED)

For the six months ended 30 June 2023

	Reportable segments					Total US\$
	Financial services US\$	Culture, media and consumption US\$	Information technology US\$	Total reportable segments US\$	Others US\$	
Net (loss) gain on financial assets at FVTPL	(26,159,229)	32,218,523	75,041,075	81,100,369	(689,230)	80,411,139
Dividend income on financial assets at FVTPL	—	817,294	—	817,294	—	817,294
Other gains	—	1,235,061	—	1,235,061	—	1,235,061
Segment (loss) profit	<u>(26,159,229)</u>	<u>34,270,878</u>	<u>75,041,075</u>	<u>83,152,724</u>	<u>(689,230)</u>	82,463,494
Unallocated:						
– Administrative expenses						(5,567,698)
– Interest income on bank deposits						254,818
– Other losses						<u>(164,554)</u>
Profit before taxation						<u>76,986,060</u>

Segment profit (loss) represents the net gain (loss) on financial assets at FVTPL, the corresponding dividend income and other gains earned by each segment without allocation of central administrative expenses (including fees to China Merchants China Investment Management Limited (the “**Investment Manager**”)), interest income on bank deposits and certain other losses. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and performance assessment. No separate segment revenue (i.e. investment income) is disclosed as it had been presented in the computation of segment profit (loss).

6. SEGMENTAL INFORMATION (CONTINUED)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	30 June 2024 (unaudited) US\$	31 December 2023 (audited) US\$
Segment assets		
Financial services	438,291,288	380,136,922
Culture, media and consumption	47,398,412	42,109,051
Information technology	220,554,063	249,027,329
Total assets for reportable segments	706,243,763	671,273,302
Others	8,937,508	12,041,301
Unallocated	42,522,158	8,745,169
Consolidated assets	757,703,429	692,059,772
Segment liabilities		
Financial services	28,413	30,682
Culture, media and consumption	51,930	80,620
Information technology	919,434	871,540
Total liabilities for reportable segments	999,777	982,842
Others	54,320	84,324
Unallocated	154,285,876	133,052,818
Consolidated liabilities	155,339,973	134,119,984

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to reportable segments other than assets of non-reportable segments, certain other receivables and prepayments, cash and cash equivalents, and all liabilities are allocated to reportable segments other than liabilities of non-reportable segments, certain other payables, dividend payable, current and deferred tax liabilities.

During the period, the Group was principally involved in investing in companies with significant business involvement in the PRC, and hence no geographical information in relation to the investing activities is presented.

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2024	2023
	(unaudited)	<i>(unaudited)</i>
	US\$	<i>US\$</i>
Profit before taxation has been arrived at after charging:		
Investment Manager's management fee (note 17(a))	5,090,487	5,153,690
Net foreign exchange loss	571,066	164,554

8. TAXATION

	Six months ended 30 June	
	2024	2023
	(unaudited)	<i>(unaudited)</i>
	US\$	<i>US\$</i>
The tax charge for the period comprises:		
Current tax:		
PRC Enterprise Income Tax	(774,230)	(167)
Deferred taxation (note 13)		
Current period	(12,032,618)	(13,302,933)
Total	(12,806,848)	(13,303,100)

No provision for taxation in Hong Kong has been made as the Company and its subsidiaries do not have assessable profits for both periods. PRC Enterprise Income Tax in the PRC is calculated at the rates prevailing in the relevant regions.

Under the Law of the PRC on Enterprise Income Tax, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has been provided for in the condensed consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries.

9. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Six months ended 30 June	
	2024	2023
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit for the purpose of basic earnings per share (US\$)	59,503,492	63,682,960
Number of ordinary shares for the purpose of basic earnings per share	152,333,013	152,333,013
Basic earnings per share (US\$)	0.391	0.418

No diluted earnings per share for both periods were presented as there were no potential ordinary shares outstanding at the both period ends.

10. OTHER RECEIVABLES AND PREPAYMENTS

	30 June	31 December
	2024	2023
	<i>(unaudited)</i>	<i>(audited)</i>
	<i>US\$</i>	<i>US\$</i>
Interest receivable	85,701	14,449
Other receivables and prepayments	120,389	103,071
Total	206,090	117,520

11. OTHER PAYABLES

	30 June	31 December
	2024	2023
	<i>(unaudited)</i>	<i>(audited)</i>
	<i>US\$</i>	<i>US\$</i>
Management fee payable	5,090,487	5,305,169
Other tax payable	18,960,388	18,960,388
Other payables	346,313	698,704
Total	24,397,188	24,964,261

12. DIVIDEND PAYABLE

The Directors have resolved to declare an interim dividend of US\$0.04 per share for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil). This interim dividend will be paid in cash on 8 November 2024 to shareholders whose names appear on the register of members of the Company on 26 September 2024. Total interim dividend is amounted to US\$6,093,321. The interim dividend has not been recognised as a liability at the end of the reporting period.

A dividend payment of US\$12,186,641 (2022: US\$10,663,311), being a final dividend of US\$0.07 per share (2022: US\$0.07 per share) and a special dividend of US\$0.01 per share (2022: Nil), totaling US\$0.08 per share (2022: US\$0.07 per share), for the year ended 31 December 2023 was approved by the shareholders on 20 June 2024 and was subsequently paid by the Company in cash on 26 July 2024.

13. DEFERRED TAXATION

The following is the deferred tax liability recognised by the Group and movements thereon during the current and prior periods:

	Unrealised capital gains for investments (Note) US\$	Undistributed earnings of PRC subsidiaries US\$	Total US\$
Balance at 1 January 2023 (audited)	97,151,853	19,604,059	116,755,912
Charged to profit or loss for the period	13,100,484	202,449	13,302,933
Exchange differences	(3,827,734)	(666,719)	(4,494,453)
Balance at 30 June 2023 (unaudited)	106,424,603	19,139,789	125,564,392
Credited to profit or loss for the period	(20,176,742)	(2,146,689)	(22,323,431)
Exchange differences	2,243,698	339,831	2,583,529
Balance at 31 December 2023 (audited)	88,491,559	17,332,931	105,824,490
Charged to profit or loss for the period	11,394,417	638,201	12,032,618
Exchange differences	(510,291)	(96,854)	(607,145)
Balance at 30 June 2024 (unaudited)	<u>99,375,685</u>	<u>17,874,278</u>	<u>117,249,963</u>

Note: Deferred taxation has been provided for in the condensed consolidated financial statements in respect of the unrealised capital gains for investments based on the tax rate of capital gain tax in the PRC or local income tax rate in Hong Kong or the PRC, whichever is applicable.

At the end of the reporting period, the Group has unused tax losses of US\$30.55 million (31 December 2023: US\$30.95 million) available for offsetting against future profits. Included in unrecognised tax losses are losses of US\$6.32 million (31 December 2023: US\$10.77 million) that will expire in 2028. Other losses may be carried forward indefinitely.

13. DEFERRED TAXATION (CONTINUED)

No deferred tax asset has been recognised in relation to tax losses due to the unpredictability of future relevant taxable profit against which the tax losses can be utilised and deductible temporary difference is nil (31 December 2023: Nil).

14. SHARE CAPITAL OF THE COMPANY

	Number of shares	US\$
Issued and fully paid:		
At 31 December 2023, 1 January and 30 June 2024		
– Ordinary shares with no par value	152,333,013	139,348,785

15. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the following data:

	30 June 2024 (unaudited)	31 December 2023 (audited)
Net asset value (US\$)	602,363,456	557,939,788
Number of ordinary shares in issue	152,333,013	152,333,013
Net asset value per share (US\$)	3.954	3.663

16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial liabilities designated at FVTPL as at 30 June 2024 were related to the sub-participation agreements (the "**Sub-participation Agreements**") entered into between the Company and the participants in respect of certain of the Group's investments which are classified as financial assets at FVTPL categorised in Level 1 or Level 3. The classification and fair value of the Sub-participation Agreements are associated directly with these underlying investments and their valuation details are set out in note 3. As at 30 June 2024 and 31 December 2023, the financial liabilities designated at FVTPL are classified as non-current liabilities and presented in the condensed consolidated statement of financial position.

16. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Pursuant to the Sub-participation Agreements, the participants will receive a portion of the return (in the form of dividends, interest, or other distributions or proceeds from realisation) from the Group's investment in the project companies that is proportional to the amount provided by the participants to the Group as a percentage of the total Group's investment in the project companies. If the Group suffers a loss from its investment in the project companies, the participants will correspondingly share a loss in the amount they provided to the Group on a pro rata basis. In general, the Sub-participation Agreements would be terminated upon the realisation of the Group's investment in the project companies. Details of the Sub-participation Agreements are disclosed in the section of Investment Manager's Discussion and Analysis and under the heading of Sub-participation Scheme.

17. RELATED PARTY TRANSACTIONS

The Company has appointed the Investment Manager for managing both listed and unlisted investments. Certain Directors of the Company are also Directors and/or shareholders of the Investment Manager.

During the six months ended 30 June 2024, the Group has incurred the following related party transactions:

- (a) Management fees totaling US\$5,090,487 (six months ended 30 June 2023: US\$5,153,690) were paid or accrued to the Investment Manager. The fee is calculated based on a fixed percentage on the value of the Group's adjusted assets on a quarterly basis as stipulated in the Investment Management Agreement (Note);
- (b) The amount due to the Investment Manager included in other payables in the condensed consolidated statement of financial position as at 30 June 2024 was US\$5,108,390 (31 December 2023: US\$5,383,594). Amount due to the Investment Manager is unsecured, interest free and is repayable on demand; and
- (c) Pursuant to the Sub-participation Agreements, the financial liabilities of the Group with Mr. WANG Xiaoding and Mr. TSE Yue Kit, who are Directors of both the Company and the Investment Manager, as at 30 June 2024, were US\$206,822 and US\$32,393, respectively (31 December 2023: US\$218,478 and US\$32,218, respectively). The financial liabilities of the Group with Mr. ZHOU Xing and Mr. ZHANG Rizhong, who are Directors of the Company, were US\$11,325 and US\$42,875, respectively (31 December 2023: US\$16,608 and US\$47,048, respectively). Moreover, the financial liabilities of the Group with Mr. YANG Baiqian and Mr. KANG Dong, who are Directors of the Investment Manager, were US\$20,519 and US\$8,414, respectively (31 December 2023: US\$19,882 and US\$7,915, respectively).

Note: These related party transactions also constitute continuing connected transactions and are disclosed in accordance with Chapter 14A of the Listing Rules.

18. COMPENSATION TO KEY MANAGEMENT PERSONNEL

Other than management fees paid or accrued to the Investment Manager, there is no compensation to key management personnel for both interim periods.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF

CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 2 to 20 which comprises the condensed consolidated statement of financial position of China Merchants China Direct Investments Limited (“**the Company**”) and its subsidiaries (together “**the Group**”) as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2024 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

28 August 2024

INVESTMENT MANAGER'S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

China Merchants China Direct Investments Limited and its subsidiaries (the "**Fund**") recorded a profit attributable to equity shareholders of US\$59.50 million for the six months ended 30 June 2024, compared to a profit attributable to equity shareholders of US\$63.68 million for the same period last year, representing a decrease of US\$4.18 million or 6.56%, with the profit decrease largely attributable to a smaller gain in the overall value of the financial assets at FVTPL (the "**Financial Assets**"). As of 30 June 2024, the net assets of the Fund (net of the final and special dividends of US\$12.19 million for 2023, paid in July 2024) were US\$602.36 million (31 December 2023: US\$557.94 million), with a net asset value per share of US\$3.954 (31 December 2023: US\$3.663).

The net gain on the Financial Assets for the period was US\$75.15 million, compared to a net gain of US\$80.41 million for the same period last year, representing a decrease of 6.54%. Looking deeper, the Fund's listed and unlisted investments recorded net gains of US\$45.57 million and US\$29.58 million, respectively.

Total investment income for the period increased by 80.37% to US\$1.93 million (six months ended 30 June 2023: US\$1.07 million) as compared to the same period last year, due mainly to a larger increase in dividend income from investments.

ACQUISITIONS AND EXITS OF INVESTMENTS

In the first half of 2024, the Fund continued to seek out and rigorously evaluate investment opportunities, but did not enter into any new investment projects in the period.

In addition, the Fund did not fully exit from any investments during the period.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND COMMITMENTS

The Fund's cash and cash equivalents increased by 390.38%, from US\$8.63 million at the end of last year to US\$42.32 million (representing 5.58% of the Fund's total assets) as of 30 June 2024, due mainly to a partial disposal of an equity interest in China UnionPay Co., Ltd. during the period.

As of 30 June 2024, the Fund had no outstanding bank loans (31 December 2023: Nil).

As of 30 June 2024, the Fund had no commitments (31 December 2023: Nil).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the Fund's investments are located in China where the official currency is the Renminbi ("**RMB**"). The conversion rate of RMB against the US dollar recorded a decrease of 0.56% in the first half of 2024, which had a negative impact on the Fund since it holds a considerable amount of assets denominated in RMB. The Fund currently does not have any foreign currency hedging policy. However, the Fund continues to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES

Other than a qualified accountant whose remuneration package is determined and borne by the Investment Manager, the Fund has no employees. The Investment Manager handles the portfolio and day-to-day administration of the Fund.

THE PORTFOLIO

As of 30 June 2024, the Fund's total investments amounted to US\$715.18 million. The sector distribution of investments was US\$438.29 million in financial services (representing 57.85% of the Fund's total assets), US\$47.40 million in culture, media and consumption (6.26%), US\$220.55 million in information technology (29.10%), and US\$8.94 million in other ventures (including manufacturing, energy and resources, and medical, etc.) (1.18%). In addition, cash and cash equivalents were US\$42.32 million, representing 5.58% of the Fund's total assets as of 30 June 2024.

REVIEW OF INVESTMENTS

The following table shows the major investment projects held by the Fund as at 30 June 2024:

Name of projects	Location of headquarters	Main business	Listed (Stock Exchange)/ unlisted	Carrying value <i>US\$ million</i>	Percentage of total assets %	Percentage of net assets %
Financial Services:						
*1. China Merchants Bank Co., Ltd.	Shenzhen, Guangdong	Banking	Shanghai Stock Exchange	265	34.97	43.99
*2. China Credit Trust Co., Ltd.	Beijing	Trust management	Unlisted	159	21.07	26.50
*3. JIC Leasing Co., Ltd.	Beijing	Finance leasing	Unlisted	13	1.67	2.10
4. China Media (Tianjin) Investment Management Co., Ltd.	Tianjin	Fund management	Unlisted	1	0.14	0.17
Sub-total:				438	57.85	72.76
Culture, Media & Consumption:						
5. China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership)	Shanghai	Media investment	Unlisted	3	0.42	0.52
*6. NBA China, L.P.	Beijing	Sports marketing	Unlisted	38	4.98	6.26
7. Oriental Pearl Media Co., Ltd.	Shanghai	Multimedia	Shanghai Stock Exchange	1	0.11	0.14
8. Yunnan Jinlanmei International Travel Investment Development Co., Ltd.	Xishuangbanna, Yunnan	Travel	Unlisted	0	0.04	0.06
9. Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd.	Xining, Qinghai	Travel	Unlisted	5	0.71	0.89
Sub-total:				47	6.26	7.87

Name of projects	Location of headquarters	Main business	Listed (Stock Exchange)/unlisted	Carrying value US\$ million	Percentage of total assets %	Percentage of net assets %
Information Technology:						
10. Xi'an Jinpower Electrical Co., Ltd.	Xi'an, Shaanxi	Power grid monitoring system	Unlisted	1	0.07	0.09
*11. Anhui Iflytek Venture Capital LLP	Hefei, Anhui	Information technology investment	Unlisted	21	2.73	3.43
*12. iFLYTEK Co., Ltd.	Hefei, Anhui	Intelligent speech technology	Shenzhen Stock Exchange	41	5.41	6.81
13. Ningbo Meishan Free Trade Port Area Jiangmen Venture Capital LLP	Beijing	Information technology investment	Unlisted	8	1.08	1.36
14. Pony AI Inc.	Fremont, California	Autonomous driving	Unlisted	11	1.42	1.79
*15. Arashi Vision Inc.	Shenzhen, Guangdong	360-degree video products	Unlisted	34	4.52	5.68
*16. Xunfei Healthcare Technology Co., Ltd.	Hefei, Anhui	Artificial intelligence medical	Unlisted	41	5.34	6.72
*17. China UnionPay Co., Ltd.	Shanghai	Financial payment	Unlisted	16	2.12	2.67
18. CASREV FUND III-RMB L.P.	Beijing	Technology & medical investment	Unlisted	10	1.36	1.71
19. Flexiv Ltd.	Shanghai	Adaptive robots	Unlisted	8	1.06	1.33
20. Beijing Huashun Xin'an Technology Co., Ltd.	Beijing	Cyber security	Unlisted	1	0.08	0.10
21. Xinyi Information Technology Ltd.	Shanghai	System on a chip for Internet of Things	Unlisted	3	0.38	0.48
22. Rizhao Azuri Technologies Co., Ltd.	Rizhao, Shandong	Direct modulated lasers	Unlisted	3	0.45	0.56
23. Beijing Hanwei Innovation Technology Co., Ltd.	Beijing	Ultra-wideband chip	Unlisted	7	0.96	1.21
*24. Moonshot AI Ltd.	Beijing	Large multimodal model	Unlisted	16	2.12	2.66
Sub-total:				221	29.10	36.60
Others:						
(i) Manufacturing:						
25. Hwagain Group Co., Ltd.	Nanning, Guangxi	Printing paper & tissue paper	Unlisted	1	0.11	0.13
(ii) Energy & Resources:						
26. Wuhan Rixin Technology Co., Ltd.	Wuhan, Hubei	Solar energy	New Third Board ^(Note)	1	0.14	0.18
(iii) Medical:						
27. Nanning Huiyou Xingyao Equity Investment Fund L.P.	Nanning, Guangxi	Biopharmaceutical investment	Unlisted	2	0.26	0.33
28. Immvira Bioscience Inc.	Shenzhen, Guangdong	Biotech research & development	Unlisted	5	0.67	0.84
Sub-total:				9	1.18	1.48
Total:				715	94.39	118.71

* Ten largest investments of the Fund as of 30 June 2024

Note: New Third Board means National Equities Exchange and Quotations

China Merchants Bank Co., Ltd. (“CMB”) is China’s first joint-stock commercial bank, with its headquarters in Shenzhen, Guangdong and with its shares listed on the Shanghai Stock Exchange since 2002 and on the Hong Kong Stock Exchange since 2006. As of 30 June 2024, the Fund held 55.20 million A shares of CMB, accounting for 0.219% of the total issued share capital of CMB, with a corresponding investment cost of RMB154.61 million (equivalent to US\$19.79 million). In July 2024, the Fund received a cash dividend of RMB109 million from CMB for 2023.

On 30 April 2024, CMB announced that its unaudited net profit for the first quarter of 2024 was RMB38.1 billion, down 1.96% year-over-year.

According to a resolution passed at the 2020 shareholders meeting, CMB was authorised to issue capital bonds of an amount not to exceed RMB150 billion, valid through 31 December 2023. During this period, CMB issued undated capital bonds of RMB73 billion in total. At the 2023 shareholders meeting convened in June 2024, a new resolution was passed to authorise CMB to issue capital bonds in the amount of RMB150 billion. Pursuant to the new authorisation, CMB can, with reference to the bank’s actual operations, issue undated capital bonds and/or tier-2 capital bonds scientifically and reasonably after obtaining approval from the relevant regulatory authorities for the issuance, so as to replenish its other tier-1 capital and/or tier-2 capital. The shareholders meeting also authorised the board of directors, with respect to the aforementioned issuance of RMB150 billion, to initiate the issuance of capital bonds at its discretion, to determine the specific issuance plan and to handle all matters incidental to the issuance. Meanwhile, the board of directors delegated to the senior management of CMB the power to make decisions directly affecting the issuance of new capital bonds up to a total of RMB77 billion, with reference to the requirements of the resolution.

In July 2024, “The Bankers” of the UK announced the list of the “Top 1000 World Banks 2024” in which CMB ranked 10th, breaking into the top ten for the first time and demonstrating further improvement in the comprehensive strength of CMB.

In the first half of 2024, the Fund did not dispose of any A shares of CMB.

China Credit Trust Co., Ltd. (“CCT”) was established in 1995, with its headquarters in Beijing. The principal activities of CCT are trust management, fund management, investments and loan financing. It is the first trust company with a full range of licenses for international business in the Chinese trust industry. As of 30 June 2024, the Fund held a 6.94% equity interest in CCT, with a total investment cost of US\$50.49 million.

For the first half of 2024, CCT recorded an unaudited net profit of RMB580 million, down 8.91% year-over-year. During the period, the company recorded a rise in interest income, while income from handling fees and commissions saw a significant decrease, compared to the same period last year. In addition, the sum of investment income and the gain on change in fair value saw an increase, compared to the same period last year. Furthermore, the loss due to credit impairment for the period decreased, compared to the same period last year. CCT is expected to adopt a more stringent provision policy to comply with the requirements imposed by the regulatory authorities, and it cannot be ruled out that the loss due to credit impairment may change significantly at the financial year end, potentially having an adverse impact on the company’s earnings.

In light of the various regulatory measures imposed on the trust industry by the regulatory authorities, CCT has sought to adjust and optimise its business mix, and further decrease the proportion of the real estate trust business. With CCT's effort, as of the end of 2023, the trust asset scale managed by CCT reached a record high of RMB516.3 billion, of which actively managed trust assets totaled RMB403.3 billion and the proportion continued to rise and reached over 78% of the total trust assets. CCT has also formulated new development strategies by focusing on five strategic businesses, namely standardised trusts, wealth management, strategic services, inclusive (micro and small) finance, and special assets. Wealth management, in particular, is expected to become a key direction for developing innovative business in the future. To this end, CCT will actively seek cooperation with different types of financial institutions and continue to explore new cooperation models and resource sharing mechanisms, thus providing more premium and efficient wealth management services for its clients. As of the end of 2023, the scale of the standardised trust business of CCT reached RMB258.8 billion, representing a year-over-year increase of over 50%. The existing scale of the inclusive (micro and small) finance business, through deepening cooperation with various top Internet companies and versatile business models, ultimately reached RMB28.1 billion as of the end of 2023. In addition, the business lines of wealth management, family and insurance trusts all recorded steady and rapid growth. In May 2024, CCT established the first service trust project related to enterprise bankruptcy and reorganisation adjudicated by the court. This project is an important achievement in itself by actively exploring the risk disposal trustee service trust market. Nevertheless, the revenue of traditional non-standardised financing businesses, including the real estate trust business, has been decreasing rapidly due to business transformation and to more stringent regulations, while the newer, more innovative businesses may require more time in order to become a source of revenue growth. Regardless, CCT will continue to strive to grow total income for the company.

On 11 March 2024, CCT was recognised as “Excellent Bond Investment Trading Institution (Trust)” by the Shenzhen Stock Exchange for the second consecutive year, which indicates that the standardised trust department of CCT has performed well in several respects, including bond market trading, business innovation and mechanism reformation.

JIC Leasing Co., Ltd. (“JIC Leasing”) was established in Beijing in 1989 and is a leading independent finance leasing firm in China, principally engaged in finance leasing for businesses in a wide range of industries, including information technology; high-end equipment manufacturing; and healthcare, environmental protection and new energy. The Fund invested RMB246 million (equivalent to US\$38.78 million) in October 2015 and held a 4.98% equity interest in JIC Leasing as of 30 June 2024.

In the first half of 2024, JIC Leasing continued to focus on its main business, while seeking to develop its other businesses in alignment with the national strategic direction as well. At all times, JIC Leasing has sought to adhere to a prudent and steady business management style. The case study of “Constructing New Service Model of Industry Chain for Better Developing Inclusive Finance” by JIC Leasing was honoured with the 2023 Serving National Strategy - “Torch Award.” For the first half of 2024, JIC Leasing recorded an unaudited net profit of RMB195 million, up 12.06% year-over-year.

China Media (Tianjin) Investment Management Co., Ltd. (“China Media Management”) was established in Tianjin, with registered capital of RMB60 million. The Fund invested RMB4.62 million (equivalent to US\$0.68 million) in April 2010 for a 7.70% equity interest in China Media Management. As the general partner and investment manager of China Media Investment (see the section on China Media Investment below), China Media Management is responsible for defining and executing the investment strategy for China Media Investment, as well as for managing their operations.

During the investment period, China Media Management helped China Media Investment to invest in an aggregate of seven projects, and also completed the disposal of four projects, namely OCJ (東方購物), Shanghai Jade East Propagation Co., Ltd., Renren Inc. and IMAX China Holding, Inc. Presently, China Media Management is still actively assisting with exit arrangements for the remaining three projects, namely Star China, Shanghai Oriental DreamWorks Co., Ltd. (“**Oriental DreamWorks**”) and Beijing Weiyang Technology Co., Ltd. (“**Weiyang**”).

China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership) (“China Media Investment”) was established in Shanghai, and is the first fund in the culture and media sector approved for registration by the National Development and Reform Commission. Its total capitalisation is RMB2 billion. China Media Investment has an investment horizon of 10 years (Note: With the consent of all limited partners, the investment horizon has been extended three times for a total of six years in order to meet the exit requirements of the projects held). The scope of investment for China Media Investment includes major projects in broadcasting and media publishing, animation and creative media. China Media Management, in which the Fund has an interest, is the general partner and investment manager of China Media Investment. In April 2010, the Fund agreed to make a capital investment of RMB200 million by installment in China Media Investment, representing 10% of the total capitalisation of China Media Investment. Since June 2010, the Fund had made successive capital injections into China Media Investment for an aggregate amount of RMB158.66 million (equivalent to US\$24.76 million), representing 79.33% of the total investment of RMB200 million committed by the Fund. China Media Investment is currently in the late stages of its investment exit period, and the Fund has received confirmation that no further capital contribution shall be required. In addition, through the end of June 2024, the Fund actually received a total cash distributions of RMB237 million from China Media Investment, representing approximately 149% of the cumulative actual amount invested by the Fund.

Through the end of June 2024, China Media Investment has completed a full exit from four projects, while continuing to hold three projects, namely Star China, Oriental DreamWorks and Weiyang. Of these, the listing vehicle of Star China, namely Star CM Holdings Limited, was listed on the Hong Kong Stock Exchange on 29 December 2022. The primary asset of Weiyang, specifically the shares of Maoyan Entertainment, have been entirely sold. And its remaining businesses, other than Maoyan Entertainment, are actively exploring exit strategies of their own.

NBA China, L.P. (“NBA China”) is a limited liability partnership incorporated in the Cayman Islands in 2007. NBA China conducts all of the NBA’s businesses in the Greater China Region, including television broadcasting rights, advertising, sponsorships, events, digital media, and merchandising, among other new businesses. The original investment by the Fund in 2008 was US\$23 million, representing a 1% partnership interest in NBA China. The Fund subsequently received returns of capital from NBA China for a cumulative amount of US\$23 million in 2017, representing a full recovery of the capital invested in NBA China by the Fund. As of 30 June 2024, the Fund held a 1% partnership interest in NBA China. The Fund received a cash distribution from NBA China of US\$2.57 million in the first quarter of 2024.

On 17 May 2024, NBA China and eHi, a national direct car rental brand, jointly announced that both parties have entered into a multi-year strategic cooperation relationship, with eHi becoming an official marketing partner and car rental service partner of NBA China. In the future, both parties will engage in long-term and comprehensive market cooperation, both online and offline. Through this collaboration, eHi expects to strengthen its connection with customers through NBA-branded events, as well as through marketing initiatives that will drive innovation and deliver more diverse and flexible travel solutions for fans and users.

Oriental Pearl Media Co., Ltd. (“Oriental Pearl”) is a new operating entity formed following a merger and reorganisation with BesTV New Media Co., Ltd. (“**BesTV**”), a listed company under Shanghai Media Group Ltd. (“**SMG**”), and Shanghai Oriental Pearl (Group) Co., Ltd., formerly also a listed company, along with the injection of relevant advertising, content production and new media assets by SMG, its largest shareholder, before being renamed to Oriental Pearl from BesTV. The restructuring was completed in June 2015. In May 2015, the Fund invested RMB120 million (equivalent to US\$19.62 million), through a partnership entity, in Oriental Pearl for a beneficial ownership of 3.70 million A shares. Subsequently, the Fund beneficially owned a total of 4.81 million A shares of Oriental Pearl, as a result of the receipt of 1.11 million new shares via a capitalisation issue from Oriental Pearl in 2018. In October 2020, the partnership entity that held shares of Oriental Pearl for the Fund dissolved due to end of its business license, and the Fund becomes the direct holder of those shares. During the period of November to December 2020, the Fund sold a total of 3.27 million A shares of Oriental Pearl for net proceeds of RMB31.16 million (equivalent to US\$4.74 million). In March 2021, the Fund further sold a total of 0.55 million A shares of Oriental Pearl for net proceeds of RMB5.30 million (equivalent to US\$0.81 million). As of 30 June 2024, the Fund held 0.995 million A shares of Oriental Pearl, accounting for 0.030% of the issued share capital of Oriental Pearl, with a corresponding investment cost of RMB24.84 million (equivalent to US\$4.06 million). The Fund will continue to sell the remaining shares at an appropriate time. In July 2024, the Fund received a cash dividend of RMB0.179 million from Oriental Pearl for 2023.

On 30 April 2024, Oriental Pearl announced that its unaudited net profit for the first quarter of 2024 was RMB119 million, down 53.32% year-over-year. The decrease in profit was mainly due to a lower gain on the change in fair value, along with a lower gain on investments, due primarily to fluctuations in the capital markets.

Yunnan Jinlanmei International Travel Investment Development Co., Ltd. (“Jinlanmei Travel”)

was established in Mengla County, Xishuangbanna Dai Autonomous Prefecture, Yunnan in 2016, with registered capital of RMB100 million. Based in Yunnan, Jinlanmei Travel will seek to establish a global presence and engage broadly in the operation of tourism and shipping within the territorial waters of the Lancang/Mekong River. Jinlanmei Travel was established jointly by the Fund and Shanghai-listed Yunnan Metropolitan Real Estate Development Co., Ltd. (“**YM Real Estate**”), among others, with stakes of 20% and 35%, respectively. In October 2016, the Fund completed the capital contribution of RMB10 million (equivalent to US\$1.49 million) to Jinlanmei Travel. In July 2021, YM Real Estate, the single largest shareholder of Jinlanmei Travel, transferred its 35% stake in Jinlanmei Travel to its related party, Yunnan Kangqi Enterprise Management Co., Ltd.

The tourism industry in Xishuangbanna has been affected by the coronavirus pandemic for an extended period of time, which has had an adverse impact on the company's operations. Presently, the company is unable to fund payroll due to a shortage of cash and has suspended operations. Its shareholders are actively discussing a restructuring plan and the company is also looking for external strategic investors who may be able to provide additional financial support.

Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd. (“Qinghai Lake Tourism”)

was established in Xining, Qinghai in 2008. It is a tourism operator with a focus on Qinghai Lake, a national 5A-class scenic spot, and is principally engaged in product development, business operations and provision of services related to tourism in Qinghai Lake and the surrounding regions. The Fund agreed to advance cash of RMB200 million in total to Qinghai Lake Tourism for a period of 3 years, with the right to convert the loan into an equity interest in Qinghai Lake Tourism during the term of the loan, subject to the fulfillment of certain precedent conditions. In August and September 2017, the Fund disbursed RMB50 million (equivalent to US\$7.50 million) and RMB150 million (equivalent to US\$22.93 million), respectively, amounting to RMB200 million (equivalent to US\$30.43 million) in aggregate.

Pursuant to a supplemental agreement to the convertible loan agreement entered into between the Fund and Qinghai Lake Tourism dated 9 May 2019, the Fund had received aggregate loan repayments of RMB200 million from Qinghai Lake Tourism before the end of 2020, representing a full recovery of the loan made by the Fund. The Fund entered into a letter of confirmation with Qinghai Lake Tourism with respect to an extension of interest payments on 22 January 2021, pursuant to which Qinghai Lake Tourism might postpone the payment of interest due for the loan of RMB200 million to 30 June 2022. In addition, if Qinghai Lake Tourism underwent a shareholding restructuring during the period, the Fund reserved the right to convert an amount up to RMB200 million into shareholding under the above supplemental agreement, at its sole discretion. Given that the coronavirus pandemic has affected the normal development of Qinghai Lake Tourism for an extended period of time, the Fund is considering a further extension of interest payments by Qinghai Lake Tourism. The Fund is still in discussion with Qinghai Lake Tourism about the specific terms of the extension, which will be formalised by a new letter of confirmation.

In the first half of 2024, the number of tourists visiting the scenic destination of Qinghai Lake continued to grow, with strong support by the Qinghai provincial government. However, Qinghai Lake Tourism was unable to achieve profitability during the period due to a delay in the receipt of fund from the Qinghai provincial government for certain procurement activities. In addition, the majority shareholder of Qinghai Lake Tourism has changed from a government platform enterprise to one with a state-owned background. The Fund will keep in close contact with the new management of Qinghai Lake Tourism and will closely monitor its future development plans.

Xi'an Jinpower Electrical Co., Ltd. ("Jinpower Electrical") was established in Xi'an, Shaanxi in 2001 and is a high technology enterprise principally engaged in the research and development, and production, of intelligent online monitoring systems for transmission lines and substation equipment for the power grid. The Fund invested RMB20 million (equivalent to US\$3.03 million) in January 2011 and held 2.89 million shares in Jinpower Electrical as of 30 June 2024, accounting for 4.825% of the issued share capital of Jinpower Electrical.

Jinpower Electrical's operational performance was lower than expected in the first half of 2024, and it continued to incur loss. Jinpower Electrical recorded an unaudited net loss of RMB5.77 million for the first half of 2024, compared to a net loss of RMB5.76 million for the same period last year.

The stock of Jinpower Electrical was listed for trading on the New Third Board in January 2016. Due to a number of factors, such as a higher cost for listing on the New Third Board and the inability of the company to finance on the New Third Board, Jinpower Electrical decided to submit a delisting application to the regulatory authorities. On 24 January 2024, Jinpower Electrical announced that its delisting application had been approved by the regulatory authorities and its shares ceased to trade on the New Third Board, effective 25 January 2024.

Anhui Iflytek Venture Capital LLP ("Iflytek Venture Capital") was established in Hefei, Anhui in December 2015, with an investment horizon of 7 to 9 years and with a fund size of RMB602 million. Its major investment targets are industries related to the Internet and applications of artificial intelligence (AI) in China, primarily to areas including education, healthcare, tourism, motor vehicles, Internet of Things (IoT), smart hardware, information security, e-commerce, interactive entertainment, smart toys, robotics and Internet advertising. The general partner and investment manager of Iflytek Venture Capital is Wuhu Iflytek Investment Management LLP, which is responsible for defining and executing the investment strategy for Iflytek Venture Capital, as well as for managing their operations. The Fund has committed to subscribe to an aggregate amount of RMB90 million by installment, for a 14.95% interest in Iflytek Venture Capital. Since December 2016, the Fund had made successive capital contributions to Iflytek Venture Capital for an aggregate amount of RMB90 million (equivalent to US\$13.28 million), representing 100% of the subscription amount committed by the Fund. In addition, through the end of June 2024, the Fund received cash distributions from Iflytek Venture Capital in a cumulative amount of RMB66.01 million.

Through the end of June 2024, Iflytek Venture Capital has made investments in twenty-seven projects. Currently, Iflytek Venture Capital has entered into the investment exit period. Of these projects, eleven projects have been fully exited and two projects (including below mentioned Xunfei Healthcare) have been partially exited.

iFLYTEK Co., Ltd. (“iFLYTEK”) was established in 1999 and is headquartered in Hefei, Anhui. It was listed on the SME Board of the Shenzhen Stock Exchange in May 2008. It is a national key software enterprise dedicated to the research of intelligent speech, language technologies, and AI technologies; the development of software and chip products; the provision of speech information services; and the integration of e-government systems. During the period of November to December 2016, the Fund acquired 4.54 million A shares of iFLYTEK at an average price of RMB19.09 (adjusted) per share on the secondary stock market with an aggregate invested amount of RMB130 million (equivalent to US\$18.83 million). As of 30 June 2024, the Fund held a total of 6.81 million A shares of iFLYTEK, as a result of the receipt of 2.27 million new shares via a capitalisation issue from iFLYTEK in 2018, accounting for 0.295% of the issued share capital of iFLYTEK. In July 2024, the Fund received a cash dividend (net of tax) of RMB0.65 million from iFLYTEK for 2023.

On 22 August 2024, iFLYTEK announced that its unaudited net loss for the first half of 2024 was RMB401 million, compared to a net gain of RMB73.57 million for the same period last year. iFLYTEK turned from profit to loss, due primarily to heavy investments in research and development. iFLYTEK has been making large investments in areas such as cognitive large models with artificial general intelligence (AGI). Specifically, it has made an investment of over RMB650 million in the research and development of large models, as well as in the implementation and expanded use of independently controllable core technologies, controllable industry chains and large model industry applications. In addition, other factors affecting the profit change included a decrease in investment income, compared to the same period last year.

On 27 June 2024, iFLYTEK published “Spark Desk V4.0,” along with its application products, and announced that this version has achieved a comprehensive upgrade in seven core areas, namely text generation, language understanding, know-how answering, logical reasoning, mathematical capability, coding capability and multimodal capability. Its performance ranks first in eight international mainstream test sets, surpassing GPT-4 Turbo. This achievement not only demonstrates the profound progress of iFLYTEK in AI technology, but also highlights its competitiveness in the global AI field.

Ningbo Meishan Free Trade Port Area Jiangmen Venture Capital LLP (the “Jiangmen Ventures Fund”) was established in Ningbo, Zhejiang in September 2016, with an investment horizon of 5 to 7 years (Note: With the consent of all limited partners, the investment horizon has been extended one year in order to meet the exit requirements of the projects held) and with a paid-in capital amounting to RMB262 million. Its major investment targets are chiefly early-stage business ventures related to machine intelligence, Internet of Things (IoT), natural user interface, and enterprise computing. The general partner and investment manager of the Jiangmen Ventures Fund is Jiangmen Capital Management (Beijing) Co., Ltd., which is responsible for defining and executing the investment strategy for the Jiangmen Ventures Fund, as well as for managing their operations. The Fund completed a capital contribution of RMB30 million (equivalent to US\$4.74 million) in January 2018, representing 11.45% of the paid-in capital of the Jiangmen Ventures Fund as of 30 June 2024. In addition, through the end of June 2024, the Fund received cash distributions from the Jiangmen Ventures Fund in a cumulative amount of RMB11.34 million.

Through the end of June 2024, the Jiangmen Ventures Fund has made investments in nineteen projects for a total of RMB233 million. Currently, the Jiangmen Ventures Fund has entered into the investment exit period. Of these projects, two projects have been fully exited and four projects have been partially exited.

Pony AI Inc. (“Pony AI”) was established in Silicon Valley, the United States, in December 2016 and is a research and development company in China that focuses on technology solutions for autonomous driving. In July 2018 and in April 2019, the Fund invested a total of US\$8.61 million and then held a 0.889% equity interest in Pony AI. In January 2021, Pony AI completed a new round of equity financing, with a post-investment valuation of US\$5.3 billion. The Fund’s equity interest in Pony AI was diluted to 0.670%, accordingly. In March 2022 and October 2023, Pony AI completed the first and second close of another new round of equity financing, respectively, with a post-investment valuation of US\$8.8 billion. The Fund’s equity interest in Pony AI was diluted from 0.670% to 0.649%, accordingly.

Through the end of June 2024, Pony AI has recorded a total accumulated autonomous driving distance of over 35 million kilometres. The number of registered users of the Robotaxi service has reached 150,000. The Robotruck business has 200 vehicles in operation so far. Pony AI has obtained public-facing Robotaxi licenses in Yizhuang of Beijing, Guangzhou and Shenzhen. In the first half of 2024, Pony AI received approval to become the first demonstration enterprise for inter-provincial autonomous driving by heavy trucks. It was also among the first group of enterprises in Beijing to obtain qualification for a commercial pilot program for autonomous driving “with a safety officer in the primary driver’s seat” on high-speed expressways. In addition, Pony AI made progress in both South Korea and Luxembourg, as it seeks to expand into overseas markets.

On 22 April 2024, the China Securities Regulatory Commission issued a Notice of Filing for Overseas Offering and Listing by Pony AI, stating that it had received filing materials from Pony AI for an overseas offering and listing, submitted through its domestic operating entity, namely Guangzhou Pony Huixing Technology Co., Ltd. The company proposes to issue no more than 98.15 million ordinary shares and has applied for listing on either the NASDAQ Stock Exchange or the New York Stock Exchange.

Arashi Vision Inc. (“Arashi Vision”) was established in Shenzhen, Guangdong in July 2015 and is striving to become a global leader engaged in the research, development and manufacture of 360-degree video products. The Fund invested RMB20 million (equivalent to US\$2.83 million) and RMB10 million (equivalent to US\$1.44 million) in September and November 2019, respectively, bringing the Fund’s total investment in Arashi Vision to RMB30 million (equivalent to US\$4.27 million), for a 1.625% equity interest in the company.

Arashi Vision submitted an application for listing on the SSE STAR Market on 23 October 2020, which was then reviewed and approved by the listing committee on 16 September 2021. The company is now at the stage of applying for registration with the China Securities Regulatory Commission.

Arashi Vision launched several new products in the first half of 2024 to target different user scenarios and needs. In April 2024, it launched the Insta360 X4 8K panoramic sports camera (X4 is the first 8K panoramic camera of Insta360 for mass consumers) and the X3X AI panoramic camera. Then in June 2024, it launched the Insta360 GO 3S 4K thumb camera.

In March 2024, Fast Company announced the list of “2024 World’s Most Innovative Companies.” Arashi Vision, as a representative of Chinese technology companies, ranked among the top three in the consumer electronics field. This is the second time in four years that Arashi Vision has been chosen. This year, tech giants such as Google and Apple were also recognised.

In June 2024, Kantar Group, a global brand data and analysis company, announced the list of “2024 Top 50 Kantar BrandZ Chinese Global Brand Builders.” Arashi Vision’s Insta360 was featured on the list again, ranking 27th, while the smart device industry represented by Arashi Vision saw the most significant growth in brand building power, reaching 61%.

Xunfei Healthcare Technology Co., Ltd. (“Xunfei Healthcare”) was established in the High-tech Development Zone, Hefei, Anhui in 2016 and is a startup AI medical enterprise. The Fund invested RMB60 million (equivalent to US\$8.60 million) in February 2020 and RMB50 million (equivalent to US\$7.80 million) in November 2021, for an aggregate investment of RMB110 million (equivalent to US\$16.40 million) in Xunfei Healthcare, and held a 3.426% equity interest in Xunfei Healthcare as of 30 June 2024.

iFLYTEK, the controlling shareholder of Xunfei Healthcare, announced on 10 January 2024 that it proposes to apply to spin off Xunfei Healthcare with a listing in Hong Kong. Following the completion of the spin-off and listing, Xunfei Healthcare will obtain financing through the Hong Kong capital market, which will help it to maintain its leading role in the field of medical AI and to increase its international presence, thus enhancing Xunfei Healthcare’s overall competitiveness as a listing entity. On 31 January 2024, iFLYTEK announced that Xunfei Healthcare had submitted an application for an initial public offering (IPO) of H shares to the Hong Kong Stock Exchange.

According to the listing documents, Xunfei Healthcare recorded a loss and total comprehensive expense of RMB83.71 million, RMB189 million, RMB145 million and RMB69.06 million for 2021, 2022, 2023 and the three months ended 31 March 2024, respectively.

China UnionPay Co., Ltd. (“China UnionPay”) was established in March 2002, with its headquarters in Shanghai. It is a leading enterprise in the financial payment industry and is responsible for the construction and operation of a nationwide unified inter-bank information exchange network for bank cards, the provision of professional services related to inter-bank information exchange for bank cards, the management and operation of the “UnionPay” brand name, and the formulation of business specifications and technical standards for inter-bank transactions for bank cards. The Fund invested RMB220 million (equivalent to US\$31.12 million) in June 2020 for a 0.17% equity interest in China UnionPay. On 20 November 2023, the Fund signed an equity transaction contract with an independent third party, pursuant to which the Fund agreed to sell a 0.12% equity interest in China UnionPay to the independent third party, thereby realising investment gains from this partial disposal and obtaining funds of RMB275 million (equivalent to US\$38.7 million) for working capital. The equity transfer was completed in the first quarter of 2024. As of 30 June 2024, the Fund held a 0.05% equity interest in China UnionPay, with a corresponding investment cost of RMB66.00 million (equivalent to US\$9.33 million). In June 2024, China UnionPay declared a cash dividend for 2023, and the Fund is entitled to receive an amount of RMB0.87 million from China UnionPay.

On 31 May 2024, UnionPay International, a subsidiary of China UnionPay, announced that it had entered into a cooperation with the Rakuten Bank of Japan to launch a mobile banking APP that supports UnionPay QR code payment. The customers of Rakuten Bank can now use the mobile banking APP to complete payments by scanning a UnionPay QR code in Japan or China, or for other cross-border transactions. UnionPay has also become the first Chinese payment brand to offer QR code payment services to local residents in Japan.

The themed event, “Explore China, Pay Your Way,” organised by the Chinese Banking Association of Hong Kong and co-organised by UnionPay International, was held in June 2024 in Hong Kong. This event aimed to deepen synergies within the industry and to accelerate the construction of an interconnected payment network in the Guangdong-Hong Kong-Macao Greater Bay Area, bringing a more convenient payment experience to Hong Kong and Macao residents heading north, as well as to foreigners from around the world coming to China.

CASREV FUND III-RMB L.P. (“CASREV Fund III”) was established in Shenzhen, Guangdong in February 2020, with an investment horizon of 8 to 10 years and with a total fund subscription amount of RMB6 billion (presently, the paid-in capital amounts to RMB4.5 billion). The major investment targets of CASREV Fund III include enterprises related to smart manufacturing, smart products and services, big data and cloud computing, AI, Internet of Things (IoT), blockchain, biological engineering, chips and sensors, operating system, kernel modules, communication networks, materials and other emerging technologies. The general partner and investment manager of CASREV Fund III is CAS Investment Management Co., Ltd., which is responsible for defining and executing the investment strategy for CASREV Fund III, as well as for managing their operations. The Fund holds a beneficial interest in CASREV Fund III via CASRF Fund L.P. The Fund has committed to subscribe to an aggregate amount of RMB50 million by installment, representing 1.11% of the paid-in capital of CASREV Fund III. Since September 2020, the Fund had made successive capital contributions to CASREV Fund III for an aggregate amount of RMB50 million (equivalent to US\$7.50 million), representing 100% of the subscription amount committed by the Fund. In addition, through the end of June 2024, the Fund received cash distributions from CASREV Fund III in a cumulative amount of RMB11.89 million.

Through the end of June 2024, the investment committee of CASREV Fund III has approved a total of sixty-nine investment projects, for a total approved investment amount of RMB4.27 billion, of which RMB4.27 billion has been paid. At present, among the companies invested in by CASREV Fund III, five have been listed, of which the stock of one company has been completely sold for a full exit. Furthermore, one additional company has submitted an IPO application to the SSE STAR Market, which was accepted and is presently undergoing the stage of inquiry and feedback.

Flexiv Ltd. (“Flexiv”) was established in Silicon Valley, the United States, in June 2016 and is a technology company in China that focuses on the development and application of adaptive robots. It, based on Flexiv robotic systems, provides innovative turnkey solutions and services for its customers in a range of industries. The Fund invested US\$5 million in December 2020 and held a 1.58% equity interest in Flexiv as of 30 June 2024.

In the first half of 2024, Flexiv’s revenue increased by 140% year-over-year, with secured orders exceeding RMB100 million, an increase of 4.5 times year-over-year. Rizon and Grav continued to be delivered, while cost reduction and efficiency enhancements for the products have been achieved through the successful self-development of more spare parts, such as motors.

In May 2024, Flexiv and Siemens reached a strategic cooperation agreement. Flexiv officially joined the Siemens Xcelerator ecosystem to jointly create adaptive robotic application solutions for a range of industries.

Beijing Huashun Xin'an Technology Co., Ltd. ("Huashun Xin'an") was established in Beijing in 2018 and is a cyber security company with a search engine for cyberspace resources. It is focused on the fields of big data security and cyberspace resources for surveying and mapping, and is primarily engaged in the research and development of technologies and products in the field of cyber information security. The Fund completed capital contributions of RMB24 million (equivalent to US\$3.67 million) and RMB6 million (equivalent to US\$0.93 million) in April and July 2021, respectively, for an aggregate investment of RMB30 million (equivalent to US\$4.60 million). In April 2022, in a new round of equity financing carried out by Huashun Xin'an, the Fund increased its investment in Huashun Xin'an by RMB6.50 million (equivalent to US\$1.02 million), for an aggregate investment of RMB36.50 million (equivalent to US\$5.62 million), amounting to a 4.295% equity interest in Huashun Xin'an as of 30 June 2024.

In May 2024, the well-known security media platform, Anzer, released the "2024 China Cyber Security Product User Survey Report," in which Huashun Xin'an was recognised as the "New Cutting-edge Cyber Security Manufacturer Brand of the Year" and selected as the "Top 10 Most Satisfied New Cutting-edge Manufacturers for Corporate Users."

In June 2024, China's authoritative digital industry research institute, Digital World Consulting, released a report entitled "Risk-based Vulnerability Management Capability Guide," which provided a deep market analysis of risk-based vulnerability management (RBVM), along with an overview of the relevant products, services and solutions offered by domestic security enterprises, with a goal to help frontline users understand the current capabilities of domestic security enterprises. Huashun Xin'an was successfully featured in the article due to its excellent capabilities in cyberspace surveying and mapping, as well as vulnerability management.

In June 2024, at the Work Summary 2023 of the China National Vulnerability Database of Information Security (CNNVD) and Excellent Support Unit Commendation Conference, Huashun Xin'an received two prestigious honours, namely the "Excellent Technical Support Unit of 2023" and the "Outstanding Contribution Award for Vulnerabilities Elimination and Control in 2023."

Xinyi Information Technology Ltd. ("Xinyi") was established in Zhang Jiang District, Shanghai in March 2017. It is a company that focuses on the research and development of SoC (system on a chip) for Internet of Things (IoT) for low-power wide-area network (LPWAN), and is committed to becoming a world-class manufacturer of Internet of Things intelligent terminal SoCs for the 5th generation mobile communications (5G), with applications mainly covering smart meters, smart security, smart transportation, smart cities, the sharing economy and other scenarios. The Fund invested RMB35 million (equivalent to US\$5.42 million) in September 2021 and held a 1.29% equity interest in Xinyi as of 30 June 2024.

In the first half of 2024, Xinyi was negatively affected by the NB-IoT chip industry, and its shipments declined slightly. The SoC of XY1200S/XY2100S, a second-generation product specifically developed for smart meters, has completed the customer integration processes and has started to ship. The CAT-1 chip for medium-speed IoT is also commercially available, and secured orders are gradually increasing.

Rizhao Azuri Technologies Co., Ltd. (“Azuri”) was established in Rizhao, Shandong in August 2016. It is a company that develops and manufactures laser diode chips, optical devices and optical module products for high-speed optical communications, mainly targeting the fiber to the home (FTTH), 5th generation mobile communications (5G), enterprise networking and data centre markets. The Fund invested RMB30 million (equivalent to US\$4.72 million) in December 2021 for a 2.50% equity interest in Azuri.

In the first half of 2024, Azuri’s 10G-EPON OLT continued to ship both domestically and to North America. The design of the ultra-low chirp 1577nm DML V2 chip has been completed and has entered mass production. Modules based on this chip and provided to specific customers have advanced to small batch production, with a six-month trial period. Samples of the high-power CW-DFB laser with a novel waveguide structure, targeting silicon photonics-based transceivers, will be released at the end of July 2024. The company’s self-built epitaxial production line, which can further reduce chip costs while accelerating the speed of research and development, has now begun trial tape-out.

Beijing Hanwei Innovation Technology Co., Ltd. (“Hanwei”) was established in Shanghai in June 2019. It is a fabless IC (Integrated Circuit) design company focusing on ultra-wideband (UWB) technology, and its high-precision positioning products developed primarily for consumer goods such as automotives, smartphones and wearables. The Fund invested RMB50 million (equivalent to US\$7.02 million) in July 2023 for a 6.42% equity interest in Hanwei.

In the first half of 2024, the company’s second-generation UWB product, MK8080 test chip, was successfully taped-out. In terms of customer promotion, the industrial Internet of Things (IoT) has been the primary focus. MK8000 has begun downhole testing for key customers’ applications. In terms of automotive applications, the company has further cooperated with first-tier automotive companies to explore the application of UWB in car keys and radar. The automotive chip AEC-Q100 is undergoing certification and is expected to be completed by the end of August 2024, while the second-generation automotive chip MK8060 is under design and development. Industrial IoT customers have started to receive shipments in larger quantities, and more customers are conducting downhole testing.

Moonshot AI Ltd. (“Moonshot AI”) was established in Cayman Islands in May 2023. It is a startup company that is focused on the research and development of general-purpose large multimodal model and end-customer applications. The Fund invested US\$10 million in December 2023 for a 1.29% equity interest in Moonshot AI. Moonshot AI completed three new rounds of equity financing in February, March and June 2024, respectively, and the equity interest held by the Fund in Moonshot AI was diluted from 1.29% to 0.67%, accordingly.

In March 2024, Moonshot AI announced another breakthrough in the “long-text” field, upgraded by an order of magnitude to 2 million Chinese characters in lossless context length and, in a networking mode greatly upgraded the speed of first word return, logical reasoning capability (especially in mathematical and program design capabilities), and the accuracy of Chinese-English translation.

The latest data from the AI product list (aicpb.com) shows that, in June 2024, the web version of Kimi intelligent assistant had 23.21 million visits, ranking 4th among similar products in China. In addition, according to QuestMobile’s data, in June 2024, the number of monthly active users of Kimi intelligent assistant APP reached 4.59 million, ranking 4th in traffic, second only to Doubao, Wenxin Yiyao and Tiangong, and ranking 5th in terms of compound growth rate.

Hwagain Group Co., Ltd. (“Hwagain”) was formed by the merger of two paper manufacturers located in Nanning, Guangxi in 1998. It is principally engaged in the research and development, production, and sale of high quality printing paper and tissue paper. The Fund invested RMB119.99 million (equivalent to US\$19.00 million) in January 2012 for a 7.10% equity interest in Hwagain.

In the first half of 2024, Hwagain’s revenue and net profit saw a decline due to sales price fluctuation of paper products, while other operations as a whole were otherwise relatively stable. For the first half of 2024, Hwagain recorded an unaudited net loss of RMB6.90 million, compared to a net gain of RMB28.65 million for the same period last year.

Wuhan Rixin Technology Co., Ltd. (“Wuhan Rixin”) was established in Wuhan, Hubei in 2001 and is a state-accredited high technology enterprise engaged in the design, production and installation of solar modules and Building Integrated Photovoltaic (BIPV) products, as well as in the operation, maintenance and management of solar powered electric systems. The stock of Wuhan Rixin was listed for trading on the New Third Board in February 2016. The Fund invested RMB15 million (equivalent to US\$2.20 million) in Wuhan Rixin in July 2009. As of 30 June 2024, the Fund held a total of 4.95 million shares in Wuhan Rixin, as a result of the receipt of 1.65 million new shares via a capitalisation issue from Wuhan Rixin in May 2019, accounting for 3.90% of the issued share capital of Wuhan Rixin.

On 26 August 2024, Wuhan Rixin announced that its unaudited net loss for the first half of 2024 was RMB16.37 million, compared to a net loss of RMB29.60 million for the same period last year. The reason for a lesser loss was that a photovoltaic power plant project developed and constructed by the company was recognised as sales revenue during the period.

On 6 June 2024, Wuhan Rixin announced that during the company’s financing process, the banks and non-bank financial institutions required the company’s controlling shareholder & de-facto controller, as well as his spouse, to provide a joint and several liability guarantee for the company’s financing. However, due to an investment contract dispute arbitration case between the company’s controlling shareholder & de-facto controller and an investor, the personal bank account and the company’s shares held by the former were frozen, which greatly affected the former’s personal credit, and in turn affected the company’s financing. The Fund will closely monitor subsequent developments and the potential impact on the Fund, and will take appropriate measures to protect the interests of the Fund when necessary.

Nanning Huiyou Xingyao Equity Investment Fund L.P. (“Huiyou Xingyao Fund”) was established in Nanning, Guangxi in September 2020, with an investment horizon of 5 to 7 years and with a total fund subscription amount of RMB113 million. Huiyou Xingyao Fund is a single-project equity investment fund, making equity investments solely in Wuhan YZY Biopharma Co., Ltd. (“**YZY Biopharma**”). YZY Biopharma is a pharmaceutical company with a bispecific antibody platform and related biopharmaceutical research and development capabilities. The fund manager of Huiyou Xingyao Fund is Tongde Qianyuan (Beijing) Investment Management Co., Ltd., which is responsible for providing consultation and advice on investment matters, as well as providing daily operations and investment management services. The Fund has committed to subscribe to an aggregate amount of RMB24 million by installment, representing 21.24% of the total fund subscription amount of Huiyou Xingyao Fund. The Fund made capital contributions to Huiyou Xingyao Fund in November 2020 and July 2021 for an aggregate amount of RMB24 million (equivalent to US\$3.66 million), representing 100% of the subscription amount committed by the Fund.

On 28 March 2024, YZY Biopharma announced that its audited net loss for 2023 was RMB192 million, compared to a net loss of RMB189 million for last year.

In May 2024, YZY Biopharma announced that the data from an interim analysis of Phase II clinical study, conducted in China, of its independently developed core pipeline M701, destined for the treatment of malignant ascites caused by advanced epithelial solid tumors, were presented in a poster session at the 2024 annual meeting of the American Society of Clinical Oncology. Compared with catumaxomab, which has been withdrawn from the market, M701 has been humanised to reduce immunogenicity and to optimise the safety and efficacy of the drug.

Immvisa Bioscience Inc. (“Immvisa”) was established in Cayman Islands in May 2018 and is a biotech research and development company, principally engaged in clinical research and the development of vector technologies as potential cancer therapeutics. Leveraging intrinsic mechanisms of action and tumor microenvironment modifications, Immvisa is focused on developing a new generation of novel anti-cancer drug vectors, including replicating and non-replicating herpes simplex virus vectors, drug delivery exosomes and tumor vaccines. The Fund invested US\$8 million in October 2022 and eventually held a 1.65% equity interest in Immvisa.

In March 2024, Immvisa announced that the U.S. Food and Drug Administration (FDA) had granted Fast Track designation to its oncolytic virus product, MVR-T3011 IT (intratumoral injection), destined for the treatment of patients with recurrent or metastatic head and neck squamous cell cancer with disease progression after platinum-based chemotherapy and PD1/PDL1 therapy. Fast Track designation by the FDA is intended to facilitate the development, and to expedite the review process, of drugs targeting serious conditions with unmet medical needs.

PROSPECTS

In the first half of 2024, China's economy operated smoothly and steadily in general. According to data released by the National Bureau of Statistics, Gross Domestic Product (GDP) in the first half of the year was RMB61.7 trillion, up 5.0% year-on-year, calculated in constant prices. In terms of industries, the added value of the primary industry in the first half of the year was RMB3.1 trillion, with a year-on-year increase of 3.5%; the added value of the secondary industry was RMB23.7 trillion, with an increase of 5.8%; the added value of the tertiary industry was RMB35.0 trillion, with an increase of 4.6%. In terms of quarters, GDP grew by 5.3% year-on-year in the first quarter, and by 4.7% year-on-year in the second quarter. Furthermore, the Consumer Price Index of China for the first half of the year rose by 0.1% year-on-year, representing a still low level of inflation.

Looking ahead to the second half of the year, the World Bank stated in its June 2024 Global Economic Outlook Report that the global economy is stabilising after several years of overlapping negative shocks. Despite rising financing costs and heightened geopolitical tensions, global economic activity began to stabilise in early 2024, and global growth this year is expected to be slightly faster than previously forecast, mainly due to the continued solid expansion of the U.S. economy. Global economic growth in 2024 is projected to be 2.6%, an increase of 0.2 percentage points from the projection at the beginning of the year. The economic growth rate of developed economies in 2024 is expected to be 1.5%, an increase of 0.3 percentage points from the forecast at the beginning of the year. The economic growth rate of emerging markets and developing economies in 2024 is expected to be 4.0%, an increase of 0.1 percentage points from the forecast at the beginning of the year. In China, consumption is becoming more rational due to the influence of income levels and expectations. But, reflecting stimulus by the trade-in policy for consumer goods, plus the deepening integration of the digital economy and the real economy, there is still room for the release of consumption potential. Manufacturing investment will continue to be an important support for economic growth. Factors such as structural demand recovery, consumption recovery, export drivers and equipment updates will help manufacturing investment remain strong during the year. With the issuance of an additional trillion in treasury bonds by the Central Government, the successive implementation of corresponding projects funded by ultra-long-term special treasury bonds and the increase of government bond issuance, the growth rate of infrastructure construction will continue to rise during the year, as fueled by fiscal policy. In terms of foreign trade, exports are expected to continue to increase in size due to a rebound in the global manufacturing sector and increasing overseas demand, while imports are expected to maintain steady growth, mainly dominated by the products of high-tech and energy. At the same time, China's imports and exports may still face many difficulties and challenges in the future, as trade barriers against Chinese exports are seen to increase. In conclusion, it is expected that China's economy can achieve a target growth rate of around 5.0% in 2024. Given that China's overall economic growth environment is expected to stabilise and to pursue progress in 2024, and that China's economic restructuring is continuing under the "14th Five-Year" plan, it is expected that the operating results of the investment projects (mainly operating in China) held by the Fund may continue to improve.

In this environment, where challenges and opportunities co-exist, the Fund will continue to make every effort to identify new investment projects, and our investment focus will be on the financial industry with an emphasis on the digital finance, on emerging technology industries featuring AI, on great cultural industry with an emphasis on culture and tourism, and on great healthcare industry with an emphasis on medicine and healthcare, as we seek to optimise our mix of investments in order to create greater shareholder value.

SUB-PARTICIPATION SCHEME

In order to strengthen the investment management process, and to align the interests of management and staff with the interests of the Fund in entering new investment projects, the Investment Manager, with the consent of the Fund, has administered the sub-participation scheme (the “**Scheme**”) since 2009.

Under the Scheme, the Fund has entered into sub-participation agreements (the “**Agreements**”) with certain Directors of the Fund, certain Directors and employees of the Investment Manager, and persons nominated by shareholders of the Investment Manager (collectively the “**Participants**”), with respect to new investments made by the Fund beginning in 2009. Pursuant to the Agreements, the Participants will receive a portion of the return (in the form of dividends, interest, or other distributions or proceeds from realisation) from the Fund’s investment in the project company that is proportional to the amount provided by the Participants to the Fund as a percentage of the total Fund’s investment in the project company. If the Fund suffers a loss from its investment in the project company, the Participants will correspondingly share a loss in the amount they provided to the Fund on a pro rata basis. The Agreements will terminate upon either the realisation of the investment in the project company by the Fund, or upon the Investment Manager, who provides a guarantee to the Participants for the performance of the Fund’s obligations under the Agreements, ceasing to be investment manager of the Fund. In the former case, the Participants shall receive a pro rata portion of the proceeds from disposal of the Fund’s interest in the project company. In the latter case, the Participants will receive a pro rata portion of the value of the equity interest in the project company held by the Fund as of 90 days prior to the termination date of the Agreements. The value of the equity interest in the project company will be assessed by an independent valuer appointed jointly by the Fund and the Investment Manager. In addition, the costs and expenses incurred for the preparation and execution of the Agreements, the costs incidental to the implementation of the Scheme, and the relevant portion of the identifiable costs related to the Fund’s investment in the project company that corresponds to the amount provided by the Participants to the Fund under the Agreements will be borne by the Investment Manager.

Under the Scheme, it was originally determined that the aggregate amount provided by the Participants in each of the Fund’s new investment projects should not exceed 2% of the Fund’s investment in each project (the “**Ceiling of Relative Proportion**”). In order to further strengthen the investment management process, with the consent of the Fund and starting from 26 August 2011, the Ceiling of Relative Proportion for each of the Fund’s new investment projects is revised as follows: 1) for projects with an investment amount of RMB30 million or less, the Ceiling of Relative Proportion will be 5%; 2) for projects with an investment amount of more than RMB30 million and up to RMB100 million, the Ceiling of Relative Proportion will be RMB1.50 million or 2%, whichever is higher; and 3) for projects with an investment amount of more than RMB100 million, the Ceiling of Relative Proportion will be 2%.

As of 30 June 2024, details of aggregate amounts actually provided by the Participants and their relative proportion to the investment amounts actually paid by the Fund were as follows:

Name of projects	Original investment amount of the Fund <i>US\$*</i>	Original amounts actually paid by the Participants <i>US\$*</i>	Relative proportion
Wuhan Rixin	2,195,500	43,900	2.000%
China Media Management	676,100	4,500	0.666%
China Media Investment (1st installment capital contribution)	5,858,300	38,800	0.662%
Jinpower Electrical	3,033,500	60,300	1.988%
China Media Investment (2nd installment capital contribution)	953,500	6,100	0.638%
Hwagain	19,004,900	161,100	0.847%
China Media Investment (3rd installment capital contribution)	1,075,300	6,200	0.575%
China Media Investment (4th installment capital contribution)	4,566,600	26,300	0.577%
China Media Investment (5th installment capital contribution)	484,900	2,800	0.580%
China Media Investment (6th installment capital contribution)	5,555,100	32,200	0.579%
China Media Investment (7th installment capital contribution)	3,352,500	18,900	0.562%
China Media Investment (8th installment capital contribution)	2,055,100	11,500	0.559%
China Media Investment (9th installment capital contribution)	859,600	4,830	0.562%
Oriental Pearl	19,619,100	255,510	1.302%
JIC Leasing	38,781,800	65,810	0.170%
Jinlanmei Travel	1,489,000	14,180	0.952%
iFLYTEK	18,827,500	33,500	0.178%
Iflytek Venture Capital (1st installment capital contribution)	5,193,900	9,270	0.178%
Iflytek Venture Capital (2nd installment capital contribution)	2,008,800	3,480	0.178%
Qinghai Lake Tourism (1st installment capital contribution)	7,502,800	9,590	0.128%
Qinghai Lake Tourism (2nd installment capital contribution)	22,927,700	28,800	0.126%
Iflytek Venture Capital (3rd installment capital contribution)	2,146,800	3,480	0.178%
The Jiangmen Ventures Fund	4,741,800	20,470	0.432%
Pony AI (1st round capital injection)	8,000,000	35,680	0.446%

Name of projects	Original investment amount of the Fund <i>US\$*</i>	Original amounts actually paid by the Participants <i>US\$*</i>	Relative proportion
Iflytek Venture Capital (4th installment capital contribution)	1,991,910	3,480	0.178%
Pony AI (2nd round capital injection)	607,270	10,200	1.680%
Arashi Vision	4,268,200	26,820	0.632%
Xunfei Healthcare (1st round capital injection)	8,600,700	48,790	0.567%
Iflytek Venture Capital (5th installment capital contribution)	646,170	1,160	0.178%
China UnionPay	31,116,080	51,610	0.166%
Iflytek Venture Capital (6th installment capital contribution)	1,286,760	2,320	0.178%
CASREV Fund III (1st installment capital contribution)	1,849,360	2,580	0.140%
CASREV Fund III (2nd installment capital contribution)	1,896,900	2,580	0.140%
Huiyou Xingyao Fund (1st installment capital contribution)	2,469,420	14,900	0.603%
Flexiv	5,000,000	95,450	1.909%
Huashun Xin'an (1st installment capital contribution for 1st round capital injection)	3,669,220	18,510	0.504%
Huashun Xin'an (2nd installment capital contribution for 1st round capital injection)	927,190	4,630	0.504%
Huiyou Xingyao Fund (2nd installment capital contribution)	1,187,000	7,030	0.603%
CASREV Fund III (3rd installment capital contribution)	1,931,490	2,580	0.140%
Xinyi	5,416,700	23,150	0.427%
Xunfei Healthcare (2nd round capital injection)	7,804,570	19,250	0.247%
Azuri	4,724,560	24,370	0.516%
Huashun Xin'an (2nd round capital injection)	1,020,090	11,470	1.125%
CASREV Fund III (4th installment capital contribution)	1,816,810	2,580	0.140%
Immivira	8,000,000	21,660	0.271%
Hanwei	7,016,070	30,780	0.439%
Moonshot AI	10,000,000	38,430	0.384%

* Calculated with prevalent exchange rates at the time of the amounts paid

In addition, as of 30 June 2024, details of the amounts actually paid by some of the Directors of the Fund as well as two Directors of the Investment Manager for the Scheme were as follows:

Name of projects	Mr. ZHOU Xing (Note 1) US\$	Mr. ZHANG Rizhong (Note 2) US\$	Mr. WANG Xiaoding (Note 3) US\$	Mr. TSE Yue Kit (Note 4) US\$	Mr. YANG Baiqian (Note 5) US\$	Mr. KANG Dong (Note 6) US\$
Wuhan Rixin	4,390	N/A	3,510	1,290	N/A	N/A
China Media Management	300	N/A	1,160	30	N/A	N/A
China Media Investment (1st installment capital contribution)	2,510	N/A	10,040	250	N/A	N/A
Jinpower Electrical	6,030	N/A	6,030	1,280	N/A	N/A
China Media Investment (2nd installment capital contribution)	390	N/A	1,570	40	N/A	N/A
Hwagain	19,330	N/A	12,880	1,290	N/A	N/A
China Media Investment (3rd installment capital contribution)	430	N/A	1,710	40	N/A	N/A
China Media Investment (4th installment capital contribution)	1,820	N/A	7,260	180	N/A	N/A
China Media Investment (5th installment capital contribution)	190	N/A	780	20	N/A	N/A
China Media Investment (6th installment capital contribution)	2,220	N/A	8,880	220	N/A	N/A
China Media Investment (7th installment capital contribution)	1,300	N/A	5,200	130	N/A	N/A
China Media Investment (8th installment capital contribution)	790	N/A	3,170	80	N/A	N/A
China Media Investment (9th installment capital contribution)	330	N/A	1,330	30	N/A	N/A
Oriental Pearl	30,650	N/A	38,870	1,390	N/A	N/A
JIC Leasing	12,900	N/A	12,900	1,290	N/A	N/A
Jinlanmei Travel	N/A	N/A	3,220	640	N/A	N/A
iFLYTEK	N/A	N/A	12,890	1,290	N/A	N/A
Iflytek Venture Capital (1st installment capital contribution)	N/A	N/A	6,440	1,290	N/A	N/A
Iflytek Venture Capital (2nd installment capital contribution)	N/A	N/A	970	190	N/A	N/A
Qinghai Lake Tourism (1st installment capital contribution)	N/A	640	3,200	320	N/A	N/A
Qinghai Lake Tourism (2nd installment capital contribution)	N/A	1,920	9,600	960	N/A	N/A
Iflytek Venture Capital (3rd installment capital contribution)	N/A	N/A	970	190	N/A	N/A
The Jiangmen Ventures Fund	N/A	1,280	3,840	1,280	N/A	N/A
Pony AI (1st round capital injection)	N/A	1,270	6,370	1,270	N/A	N/A
Iflytek Venture Capital (4th installment capital contribution)	N/A	N/A	970	190	N/A	N/A
Pony AI (2nd round capital injection)	N/A	1,280	1,280	1,280	N/A	N/A
Arashi Vision	N/A	1,280	3,830	1,280	N/A	N/A
Xunfei Healthcare (1st round capital injection)	N/A	6,420	19,260	1,280	N/A	N/A

Name of projects	Mr. ZHOU Xing (Note 1) US\$	Mr. ZHANG Rizhong (Note 2) US\$	Mr. WANG Xiaoding (Note 3) US\$	Mr. TSE Yue Kit (Note 4) US\$	Mr. YANG Baigian (Note 5) US\$	Mr. KANG Dong (Note 6) US\$
Iflytek Venture Capital (5th installment capital contribution)	N/A	N/A	320	60	N/A	N/A
China UnionPay	N/A	3,870	12,900	1,290	N/A	N/A
Iflytek Venture Capital (6th installment capital contribution)	N/A	N/A	640	130	N/A	N/A
CASREV Fund III (1st installment capital contribution)	N/A	320	320	320	N/A	N/A
CASREV Fund III (2nd installment capital contribution)	N/A	320	320	320	N/A	N/A
Huiyou Xingyao Fund (1st installment capital contribution)	N/A	1,750	880	880	N/A	N/A
Flexiv	N/A	1,290	20,640	1,290	N/A	N/A
Huashun Xin'an (1st installment capital contribution for 1st round capital injection)	N/A	1,030	1,030	1,030	N/A	N/A
Huashun Xin'an (2nd installment capital contribution for 1st round capital injection)	N/A	260	260	260	N/A	N/A
Huiyou Xingyao Fund (2nd installment capital contribution)	N/A	830	410	410	N/A	N/A
CASREV Fund III (3rd installment capital contribution)	N/A	320	320	320	N/A	N/A
Xinyi	N/A	6,430	1,290	1,290	N/A	N/A
Xunfei Healthcare (2nd round capital injection)	N/A	N/A	1,280	N/A	3,850	1,280
Azuri	N/A	N/A	1,280	N/A	3,850	1,280
Huashun Xin'an (2nd round capital injection)	N/A	N/A	1,270	N/A	3,820	1,270
CASREV Fund III (4th installment capital contribution)	N/A	320	320	320	N/A	N/A
Immvisa	N/A	N/A	1,270	N/A	3,820	1,270
Hanwei	N/A	N/A	1,280	N/A	1,280	1,280
Moonshot AI	N/A	N/A	1,280	N/A	2,560	1,280

Note 1: The Chairman of the Fund

Note 2: Director of the Fund

Note 3: Director of the Fund and Director & General Manager of the Investment Manager

Note 4: Director of the Fund and Director of the Investment Manager

Note 5: Director and Chairman of the Investment Manager

Note 6: Director of the Investment Manager

Mr. WANG Xiaoding

Director & General Manager

China Merchants China Investment Management Limited

Hong Kong, 28 August 2024

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of US\$0.04 (or HK\$0.312) per share for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil). This interim dividend will be paid in cash on 8 November 2024 to shareholders whose names appear on the register of members of the Company on 26 September 2024. Total interim dividend is amounted to US\$6,093,321. The interim dividend has not been recognised as a liability at the end of the reporting period. Shareholders who wish to receive the dividend in Hong Kong Dollars have to complete a Hong Kong Dollar dividend election form and return the same to the Company's Share Registrar on or before 25 October 2024. Shareholders who have submitted the dividend election form previously do not need to re-submit this form.

A dividend payment of US\$12,186,641 (2022: US\$10,663,311), being a final dividend of US\$0.07 per share (2022: US\$0.07 per share) and a special dividend of US\$0.01 per share (2022: Nil), totaling US\$0.08 per share (2022: US\$0.07 per share), for the year ended 31 December 2023 was approved by the shareholders on 20 June 2024 and was subsequently paid by the Company in cash on 26 July 2024.

BOOK CLOSURE

The register of members of the Company will be closed from 23 September 2024 to 26 September 2024, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 20 September 2024.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2024, the interests of the Directors and their associates in the shares of the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO") or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Number of ordinary shares interested	Capacity	Percentage of total issued shares
Mr. WANG Xiaoding	212,000	Beneficial owner	0.14%

Save as disclosed above, none of the Directors or chief executives, or their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO as at 30 June 2024, and none of the Directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the six months ended 30 June 2024.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2024, the following persons, other than a Director or chief executives of the Company, had interests in the shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Name of shareholder	Long/short position	Capacity	Number of ordinary shares interested	Percentage of total issued shares
China Merchants Group Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Steam Navigation Company Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Financial Holdings Co., Ltd. (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Financial Holdings (Hong Kong) Company Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
Good Image Limited	Long position	Beneficial owner	42,022,041	27.59%

Name of shareholder	Long/ short position	Capacity	Number of ordinary shares interested	Percentage of total issued shares
Lazard Asset Management LLC	Long position	Investment manager	22,905,463	15.04%
CHAN Kin (Note 2)	Long position	Interest of controlled corporation	14,032,000	9.21%
Argyle Street Management Holdings Limited (Note 3)	Long position	Interest of controlled corporation	14,032,000	9.21%
Argyle Street Management Limited (Note 3)	Long position	Investment manager	14,032,000	9.21%
ASM Co-Investment Term Trust I	Long position	Beneficial owner	22,000	0.01%
ASMH (Cayman) Limited (Note 4)	Long position	Investment manager	14,010,000	9.20%
ASM Connaught House (Master) Fund V LP (Note 3)	Long position	Interest of controlled corporation	12,720,000	9.01%
		Beneficial owner	1,010,000	
Cochrane Street Limited (Note 4)	Long position	Interest of controlled corporation	12,720,000	8.35%
ASM Connaught House General Partner V Limited (Note 4)	Long position	Investment manager	13,730,000	9.01%
ASM Connaught House (Master) Fund III LP (Note 3)	Long position	Interest of controlled corporation	12,720,000	8.53%
		Beneficial owner	280,000	
Cantonment Road Limited (Note 4)	Long position	Interest of controlled corporation	12,720,000	8.35%
ASM Connaught House General Partner III Limited (Note 4)	Long position	Investment manager	13,000,000	8.53%
Meyer Road Limited (Note 5)	Long position	Interest of controlled corporation	12,720,000	8.35%
Loyang Street Limited	Long position	Beneficial owner	12,720,000	8.35%

Note 1: China Merchants Group Limited, China Merchants Steam Navigation Company Limited, China Merchants Financial Holdings Co., Ltd. and China Merchants Financial Holdings (Hong Kong) Company Limited are deemed to have corporate interests in the shares by virtue of its entire shareholding in the company whose name is set out immediately under it.

Note 2: According to the notice filed by CHAN Kin on 19 June 2024, CHAN Kin is deemed to have corporate interests in the shares by virtue of his controlling shareholding (i.e. 50.13%) in Argyle Street Management Holdings Limited and ASMH (Cayman) Limited.

- Note 3: According to the notices filed by Argyle Street Management Holdings Limited and Argyle Street Management Limited on 19 June 2024, each of Argyle Street Management Holdings Limited, ASM Connaught House (Master) Fund V LP and ASM Connaught House (Master) Fund III LP is deemed to have corporate interests in the shares by virtue of its entire shareholding in the company whose name is set out immediately under it. Besides, Argyle Street Management Limited held the shares in the capacity of investment manager through its entire shareholding in ASM Co-Investment Term Trust I, ASM Connaught House (Master) Fund V LP and ASM Connaught House (Master) Fund III LP.
- Note 4: According to the notice filed by ASMH (Cayman) Limited on 19 June 2024, ASMH (Cayman) Limited held the shares in the capacity of investment manager through its controlling shareholding (i.e. 70%) in ASM Connaught House General Partner V Limited and ASM Connaught House General Partner III Limited. Besides, each of Cochrane Street Limited and Cantonment Road Limited is deemed to have corporate interests in the shares by virtue of its controlling shareholding (i.e. 62.52% and 37.48% respectively) in Meyer Road Limited.
- Note 5: According to the notices filed by ASM Connaught House (Master) Fund V LP and ASM Connaught House General Partner V Limited on 2 July 2024, Meyer Road Limited is deemed to have corporate interests in the shares by virtue of its controlling shareholding (i.e. 85.71%) in the company whose name is set out immediately under it.

Save as disclosed above, there was no person, other than a Director or chief executives of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE

The condensed consolidated financial statements for the six months ended 30 June 2024 are unaudited, but have been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA, whose unmodified review report is included in this interim report. The interim report has been reviewed by the Company's Audit Committee.

The Company has complied with all the code provisions of Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the reporting period except as stated below.

The Stock Exchange of Hong Kong Limited has granted a waiver to the Company for establishment of remuneration committee on condition that the Executive Directors and senior management of the Company will not receive any Directors' fee or emolument from the Company. Thus, no remuneration committee has been established by the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted codes of conduct regarding securities transactions by Directors set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules. On specific enquiries made, all Directors have confirmed that, in respect of the reporting period, they have complied with the required standard set out in the Model Code.

By Order of the Board

Mr. ZHOU Xing

Chairman

Hong Kong, 28 August 2024