



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 2022

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*
*(re-designated as Non-executive Director
 on 26 April 2022)*
 Mr. LIU Baojie**
 Mr. TSANG Wah Kwong**
 Dr. LI Fang**
 Dr. GONG Shaolin**
 Mr. Michael Charles VITERI**

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
 Mr. LIU Baojie
 Dr. LI Fang

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

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditor
 35/F, One Pacific Place,
 88 Queensway,
 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: 0133.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 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Six months ended 30 June	
		2022 (unaudited) US\$	2021 (unaudited) US\$
Net (loss) gain on financial assets at fair value through profit or loss	4	(85,640,580)	94,839,747
Investment income	5	1,646,785	3,139,434
Other gains		339,484	338,894
Administrative expenses		(6,549,964)	(7,479,124)
(Loss) profit before taxation	7	(90,204,275)	90,838,951
Taxation	8	19,212,692	(29,807,179)
(Loss) profit for the period		(70,991,583)	61,031,772
Other comprehensive (expense) income for the period			
Item that will not be reclassified subsequently to profit or loss			
Exchange difference arising on translation to presentation currency		(33,800,738)	4,899,321
Total comprehensive (expense) income for the period		(104,792,321)	65,931,093
(Loss) profit for the period attributable to owners of the Company		(70,991,583)	61,031,772
Total comprehensive (expense) income for the period attributable to owners of the Company		(104,792,321)	65,931,093
Basic (loss) earnings per share	9	(0.466)	0.401

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
	<i>NOTES</i>		
Non-current asset			
Financial assets at fair value through profit or loss	3	780,648,958	903,328,647
Current assets			
Financial assets at fair value through profit or loss	3	48,568,684	64,044,731
Other receivables and prepayments	10	746,441	13,740,736
Cash and cash equivalents		43,512,652	36,641,135
		92,827,777	114,426,602
Current liabilities			
Other payables	11	22,924,535	33,372,541
Dividend payable	12	21,326,622	—
Taxation payable		453,988	2,338,940
		44,705,145	35,711,481
Net current assets		48,122,632	78,715,121
Total assets less current liabilities		828,771,590	982,043,768
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	16	1,261,031	1,318,564
Deferred taxation	13	147,932,039	175,027,741
		149,193,070	176,346,305
Net assets		679,578,520	805,697,463
Capital and reserves			
Share capital	14	139,348,785	139,348,785
Reserves		94,233,501	128,034,239
Retained profits		445,996,234	538,314,439
Equity attributable to owners of the Company		679,578,520	805,697,463
Net asset value per share	15	4.461	5.289

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 2022 (audited)	<u>139,348,785</u>	<u>114,832,447</u>	<u>13,201,792</u>	<u>538,314,439</u>	<u>805,697,463</u>
Loss for the period	—	—	—	(70,991,583)	(70,991,583)
Exchange difference arising on translation to presentation currency	—	(33,800,738)	—	—	(33,800,738)
Total comprehensive expense for the period	—	(33,800,738)	—	(70,991,583)	(104,792,321)
2021 final and special dividends declared	—	—	—	(21,326,622)	(21,326,622)
Balance at 30 June 2022 (unaudited)	<u>139,348,785</u>	<u>81,031,709</u>	<u>13,201,792</u>	<u>445,996,234</u>	<u>679,578,520</u>
Balance at 1 January 2021 (audited)	<u>139,348,785</u>	<u>96,584,489</u>	<u>12,762,008</u>	<u>526,735,497</u>	<u>775,430,779</u>
Profit for the period	—	—	—	61,031,772	61,031,772
Exchange difference arising on translation to presentation currency	—	4,899,321	—	—	4,899,321
Total comprehensive income for the period	—	4,899,321	—	61,031,772	65,931,093
2020 final and special dividends declared	—	—	—	(12,186,641)	(12,186,641)
Balance at 30 June 2021 (unaudited)	<u>139,348,785</u>	<u>101,483,810</u>	<u>12,762,008</u>	<u>575,580,628</u>	<u>829,175,231</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	
	2022 <i>(unaudited)</i> US\$	2021 <i>(unaudited)</i> US\$
OPERATING ACTIVITIES		
(Loss) profit before taxation	(90,204,275)	90,838,951
Adjustments for:		
Interest income	(133,758)	(217,319)
Dividend income from equity investments	(1,513,027)	(2,922,115)
Net loss (gain) on financial assets at fair value through profit or loss	85,640,580	(94,839,747)
Operating cash flows before movements in working capital	(6,210,480)	(7,140,230)
Proceeds from disposal of financial assets at fair value through profit or loss	12,969,685	802,389
Return of capital from financial assets at fair value through profit or loss	430,088	22,237,757
Purchases of financial assets at fair value through profit or loss	(972,326)	(3,702,332)
Decrease in other receivables and prepayments	12,668,185	2,503
Decrease in other payables	(10,448,006)	(9,349,910)
Decrease in financial liabilities designated at fair value through profit or loss	(125,299)	(113,990)
Cash generated from operations	8,311,847	2,736,187
Interest received	147,458	239,486
Dividends received	2,030,560	2,177,650
Income taxes paid	(1,835,722)	(2,253,717)
NET CASH GENERATED FROM OPERATING ACTIVITIES	8,654,143	2,899,606
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,654,143	2,899,606
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	36,641,135	60,363,011
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(1,782,626)	401,837
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	43,512,652	63,664,454

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

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 16 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 2021 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 as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 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 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. PRINCIPAL ACCOUNTING POLICIES

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 policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2021.

2. PRINCIPAL ACCOUNTING POLICIES (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 2022 and relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKFRSs	Annual improvements to HKFRSs 2018 - 2020

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 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 macroeconomic environment has been impacted by the Russia-Ukraine conflict. However, it does not have a direct material impact on the business of the Group as the Group mainly invests in companies with significant business involvement in the PRC.

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 2021.

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
	2022 (unaudited) US\$	2021 (audited) US\$				2022 (unaudited) Range	2021 (audited) Range		2022 (unaudited) US\$	2021 (audited) US\$
Financial assets at fair value through profit or loss ("FVTPL")										
Listed equity securities (Note 1)	397,004,593	496,206,298	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)	275,387,793	357,474,540	Level 3	Market comparable companies	-Earnings multiples -Revenue multiples -Book value multiples -Discount rate for lack of marketability and specific risk	16.5x - 18.0x 1.6x - 32.9x 0.7x - 6.3x	19.1x - 23.1x 1.8x - 273.6x 0.8x - 6.7x	The higher the multiples, the higher the fair value The higher the discount rate, the lower the fair value	+29,037,000/ -29,037,000	+36,565,000/ -36,565,000
Unlisted debt investment (Notes 1 and 4)	5,258,040	5,980,463	Level 3	Discounted cash flow	-Discount rate	4.1%	0%	The higher the discount rate, the lower the fair value	-41,000/ +41,000	—
Unlisted equity (Note 1)	98,550,486	57,915,319	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
Equity securities (including equity securities traded on the New Third Board and unlisted equity securities) (Note 1)	53,016,740	59,796,768	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	+5,301,674/ -5,301,674	+5,979,677/ -5,979,677
Closing balance	<u>829,217,642</u>	<u>967,373,378</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. Given that the conditions are not under the control of the Group, the Directors consider that the conditions of conversion were not fulfilled as at 30 June 2022.

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.

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:

	Financial assets at FVTPL US\$
Balance at 1 January 2022 (audited)	481,167,090
Losses recognised in profit or loss	(17,312,363)
Exchange difference arising on translation to presentation currency	(19,214,221)
Purchases	972,326
Disposals	(12,969,685)
Return of capital	(430,088)
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Balance at 30 June 2022 (unaudited)	432,213,059
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Balance at 1 January 2021 (audited)	485,994,561
Losses recognised in profit or loss	(20,491,100)
Exchange difference arising on translation to presentation currency	2,800,338
Purchases	3,702,332
Return of capital	(22,237,757)
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Balance at 30 June 2021 (unaudited)	449,768,374
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Of the total losses for the period included in profit or loss, loss of US\$25,122,304 (six months ended 30 June 2021: US\$20,650,358) 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 (loss) 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.

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 liabilities:

	Financial liabilities designated at FVTPL US\$
Balance at 1 January 2022 (audited)	1,185,610
Issuances	11,496
Redemptions	(82,615)
Change in fair value	46,106
	1,160,597
Balance at 30 June 2022 (unaudited)	1,160,597
Balance at 1 January 2021 (audited)	1,343,845
Issuances	23,220
Redemptions	(66,212)
Change in fair value	(25,737)
Balance at 30 June 2021 (unaudited)	1,275,116

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, discount rates based on market information, net asset value of the underlying investments and discount/premium for events/changes after transaction price. The valuation report prepared by the independent valuer is reported to and reviewed by the management on a half-yearly basis.

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

The following is an analysis of net (loss) gain on investments of the Group for the six months ended 30 June 2022. The amounts of realised (loss) gain 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 (loss) gain 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	
	2022	2021
	(unaudited)	<i>(unaudited)</i>
	US\$	<i>US\$</i>
Net (loss) gain on financial assets at FVTPL		
Listed investments		
Realised	—	54,978
Unrealised	(68,596,793)	117,602,127
Unlisted investments		
Realised	7,947,299	142,914
Unrealised	(24,991,086)	<i>(22,960,272)</i>
Total	<u>(85,640,580)</u>	<u>94,839,747</u>

5. INVESTMENT INCOME

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

	Six months ended 30 June	
	2022	2021
	(unaudited)	<i>(unaudited)</i>
	US\$	<i>US\$</i>
Interest income on bank deposits	133,758	217,319
Dividend income on financial assets at FVTPL	1,513,027	2,922,115
Total	<u>1,646,785</u>	<u>3,139,434</u>

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 pharmaceutical activities (2021: manufacturing, energy and resources, pharmaceutical and agriculture 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.

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 2022

	Reportable segments				Others US\$	Total US\$
	Financial services US\$	Culture, media and consumption US\$	Information technology US\$	Total reportable segments US\$		
Net (loss) gain on financial assets at FVTPL	(131,650,023)	3,988,492	34,760,631	(92,900,900)	7,260,320	(85,640,580)
Dividend income on financial assets at FVTPL	454,068	830,819	105,876	1,390,763	122,264	1,513,027
Other gains	—	559,632	—	559,632	—	559,632
Segment (loss) profit	<u>(131,195,955)</u>	<u>5,378,943</u>	<u>34,866,507</u>	<u>(90,950,505)</u>	<u>7,382,584</u>	<u>(83,567,921)</u>
Unallocated:						
– Administrative expenses						(6,549,964)
– Interest income on bank deposits						133,758
– Other losses						(220,148)
Loss before taxation						<u>(90,204,275)</u>

6. SEGMENTAL INFORMATION (CONTINUED)

For the six months ended 30 June 2021

	Reportable segments				Others US\$	Total US\$
	Financial services US\$	Culture, media and consumption US\$	Information technology US\$	Total reportable segments US\$		
Net gain on financial assets at FVTPL	56,143,957	5,119,818	31,069,831	92,333,606	2,506,141	94,839,747
Dividend income on financial assets at FVTPL	2,470,627	246,541	204,947	2,922,115	—	2,922,115
Other gains	—	280,120	—	280,120	—	280,120
Segment profit	<u>58,614,584</u>	<u>5,646,479</u>	<u>31,274,778</u>	<u>95,535,841</u>	<u>2,506,141</u>	98,041,982
Unallocated:						
– Administrative expenses						(7,479,124)
– Interest income on bank deposits						217,319
– Other gains						58,774
Profit before taxation						<u>90,838,951</u>

Segment (loss) profit represents the net (loss) gain 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) gains. 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 (loss) profit.

6. SEGMENTAL INFORMATION (CONTINUED)

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

	30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
Segment assets		
Financial services	511,100,871	670,770,763
Culture, media and consumption	50,162,572	48,047,832
Information technology	257,911,367	232,867,920
Total assets for reportable segments	819,174,810	951,686,515
Others	10,450,261	16,611,825
Unallocated	43,851,664	49,456,909
Consolidated assets	873,476,735	1,017,755,249
Segment liabilities		
Financial services	53,174	61,734
Culture, media and consumption	193,468	209,039
Information technology	890,596	830,862
Total liabilities for reportable segments	1,137,238	1,101,635
Others	123,793	4,930,651
Unallocated	192,637,184	206,025,500
Consolidated liabilities	193,898,215	212,057,786

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. (LOSS) PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2022	2021
	(unaudited)	<i>(unaudited)</i>
	US\$	<i>US\$</i>
(Loss) profit before taxation has been arrived at after charging (crediting):		
Investment Manager's management fee (note 18(a))	6,228,528	7,026,361
Net foreign exchange loss (gain)	220,148	<i>(58,774)</i>

8. TAXATION

	Six months ended 30 June	
	2022	2021
	(unaudited)	<i>(unaudited)</i>
	US\$	<i>US\$</i>
The tax credit (charge) for the period comprises:		
Current tax:		
PRC Enterprise Income Tax	(520)	(47,423)
Withholding tax for distributed earnings	(49,753)	(145,526)
Deferred taxation (note 13)		
Current period	19,262,965	<i>(29,614,230)</i>
Total	19,212,692	<i>(29,807,179)</i>

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 (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022	2021
	(unaudited)	<i>(unaudited)</i>
(Loss) profit for the purpose of basic (loss) earnings per share (US\$)	<u>(70,991,583)</u>	<u>61,031,772</u>
Number of ordinary shares for the purpose of basic (loss) earnings per share	<u>152,333,013</u>	<u>152,333,013</u>
Basic (loss) earnings per share (US\$)	<u>(0.466)</u>	<u>0.401</u>

No diluted (loss) 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
	2022	2021
	(unaudited)	<i>(audited)</i>
	US\$	<i>US\$</i>
Consideration receivable on disposal of investment	—	12,658,436
Dividend receivable	407,429	924,962
Interest receivable	31,639	45,339
Other receivables and prepayments	<u>307,373</u>	<u>111,999</u>
Total	<u>746,441</u>	<u>13,740,736</u>

11. OTHER PAYABLES

	30 June 2022 (unaudited) US\$	31 December 2021 (audited) US\$
Partial consideration received on disposal of investment	—	4,713,722
Management fee payable	2,948,462	3,514,957
Performance fee payable	—	4,906,543
Other tax payable	19,607,487	19,607,487
Other payables	368,586	629,832
Total	22,924,535	33,372,541

12. DIVIDEND PAYABLE

A dividend payment of US\$21,326,622 (2020: US\$12,186,641), being a final dividend of US\$0.07 per share (2020: US\$0.07 per share) and a special dividend of US\$0.07 per share (2020: US\$0.01 per share), totaling US\$0.14 (2020: US\$0.08) per share, for the year ended 31 December 2021 was approved by the shareholders on 27 May 2022 and was subsequently paid by the Company in cash on 27 July 2022.

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 2021 (audited)	130,029,330	24,290,592	154,319,922
Charged to profit or loss for the period	25,831,343	3,782,887	29,614,230
Exchange differences	806,678	159,254	965,932
Balance at 30 June 2021 (unaudited)	156,667,351	28,232,733	184,900,084
Credited to profit or loss for the period	(11,856,989)	(1,013,789)	(12,870,778)
Exchange differences	2,556,852	441,583	2,998,435
Balance at 31 December 2021 (audited)	147,367,214	27,660,527	175,027,741
Credited to profit or loss for the period	(16,133,935)	(3,129,030)	(19,262,965)
Exchange differences	(6,518,603)	(1,314,134)	(7,832,737)
Balance at 30 June 2022 (unaudited)	<u>124,714,676</u>	<u>23,217,363</u>	<u>147,932,039</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\$6.46 million (31 December 2021: US\$6.18 million) available for offsetting against future profits and may be carried forward indefinitely.

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 2021: Nil).

14. SHARE CAPITAL OF THE COMPANY

	Number of shares	US\$
Issued and fully paid:		
At 31 December 2021, 1 January and 30 June 2022		
– 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 2022 (unaudited)	31 December 2021 (audited)
Net asset value (US\$)	679,578,520	805,697,463
Number of ordinary shares in issue	152,333,013	152,333,013
Net asset value per share (US\$)	4.461	5.289

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

The financial liabilities designated at FVTPL as at 30 June 2022 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 2022 and 31 December 2021, the financial liabilities designated at FVTPL are classified as non-current liabilities and presented in the condensed consolidated statement of financial position.

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. COMMITMENT

At the end of the reporting period, the Group had commitment as follows:

On 4 September 2020, the Group entered into a partnership agreement in relation to CASRF Fund L.P. (“**CASRF Fund**”), pursuant to which the Group agreed to make a capital contribution of RMB50 million (equivalent to approximately US\$7.54 million) in total by installment into the capital of CASRF Fund, which is specified to be used for an investment in CASREV FUND III-RMB L.P. (“**CASREV Fund III**”) in return for a 1.11% beneficial interest in CASREV Fund III. As at 30 June 2022, the Group has injected RMB37.50 million (equivalent to approximately US\$5.67 million) (31 December 2021: RMB37.50 million, equivalent to approximately US\$5.68 million) into CASRF Fund and classified the investment as a financial asset at FVTPL under non-current asset. The Group had outstanding payment of RMB12.50 million (equivalent to approximately US\$1.87 million) as at 30 June 2022.

18. 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 2022, the Group has incurred the following related party transactions:

- (a) Management fees totaling US\$6,228,528 (six months ended 30 June 2021: US\$7,026,361) 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 2022 was US\$2,962,724 (31 December 2021: US\$8,470,460). Amount due to the Investment Manager is unsecured, interest free and is repayable on demand.
- (c) Pursuant to the Sub-participation Agreements, the financial liabilities of the Group with Mr. ZHANG Rizhong, Mr. WANG Xiaoding and Mr. TSE Yue Kit, who are Directors of both the Company and the Investment Manager, as at 30 June 2022, were US\$49,727, US\$268,444 and US\$40,749, respectively (31 December 2021: US\$49,930, US\$275,032 and US\$38,887, respectively). The financial liability of the Group with Mr. ZHOU Xing, a Director of the Company, was US\$32,352 (31 December 2021: US\$38,571). Moreover, the financial liability of the Group with Mr. KANG Dong, a Director of the Investment Manager, was US\$6,468 (31 December 2021: US\$4,474).

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

19. 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.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF
CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED
(incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of China Merchants China Direct Investments Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 2 to 21, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, 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 these condensed consolidated financial statements consists of making inquiries, 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 condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 August 2022

INVESTMENT MANAGER'S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

China Merchants China Direct Investments Limited and its subsidiaries (the "Fund") recorded a loss attributable to equity shareholders of US\$70.99 million for the six months ended 30 June 2022, compared to a profit attributable to equity shareholders of US\$61.03 million for the same period last year. The reversal was mainly due to a decline in the overall value of the financial assets at FVTPL (the "Financial Assets"), resulting in the recognition of a loss, rather than a gain as in the prior period. As of 30 June 2022, the net assets of the Fund (net of the final and special dividends of US\$21.33 million in aggregate for 2021, paid in July 2022) were US\$679.58 million (31 December 2021: US\$805.70 million), with a net asset value per share of US\$4.461 (31 December 2021: US\$5.289).

The net loss on the Financial Assets for the period was US\$85.64 million, compared to a net gain of US\$94.84 million for the same period last year. Looking deeper, the listed and unlisted investments recorded net losses of US\$68.60 million and US\$17.04 million, respectively.

Total investment income for the period decreased by 47.45% to US\$1.65 million (six months ended 30 June 2021: US\$3.14 million) as compared to the same period last year, due mainly to a decrease in dividend income from investments.

ACQUISITIONS AND DISPOSALS OF INVESTMENTS

In the first half of 2022, the Fund continued to seek out and rigorously evaluate investment opportunities. During the period, the Fund completed an additional investment in a cyber security project.

Beijing Huashun Xin'an Technology Co., Ltd. ("**Huashun Xin'an**") carried out a new round of equity financing and introduced several new investors. To avoid a dilution of its interest, the Fund entered into an investment agreement, along with other relevant agreements, in relation to Huashun Xin'an on 25 March 2022, and made a further investment of RMB6.50 million (equivalent to US\$1.02 million) in Huashun Xin'an on 19 April 2022. The relevant formalities were duly completed on 25 April 2022 and the Fund holds a 4.295% equity interest in Huashun Xin'an, accordingly.

In addition, the Fund exited from an investment in the period.

On 31 March 2022, the Fund entered into an equity transfer agreement in relation to Shenzhen Geesun Intelligent Technology Co., Ltd. ("**Geesun Intelligent**"), pursuant to which the Fund agreed to transfer all of its 2.35% equity interest in Geesun Intelligent to the founding shareholder of Geesun Intelligent at a price of RMB53.13 million. All of the transfer consideration of RMB53.13 million (equivalent to US\$8.20 million) was fully received by the Fund on 5 May 2022, and the equity transfer was duly completed on 1 June 2022. The pre-tax internal rate of return to the Fund from Geesun Intelligent was 8.90%.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND COMMITMENTS

The Fund's cash and cash equivalents increased by 18.75%, from US\$36.64 million at the end of last year to US\$43.51 million (representing 4.98% of the Fund's total assets) as of 30 June 2022, due mainly to the receipt of proceeds from the disposal of investments during the period.

As of 30 June 2022, the Fund had no outstanding bank loans (31 December 2021: Nil).

As of 30 June 2022, the Fund had commitment of US\$1.87 million (31 December 2021: US\$1.96 million) for an investment that was approved but not yet provided for in the financial statements—specifically, for future payments related to investment in CASREV FUND III-RMB L.P.

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 4.99% in the first half of 2022, 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 2022, the Fund's total investments amounted to US\$829.22 million. The sector distribution of investments was US\$510.70 million in financial services (representing 58.47% of the Fund's total assets), US\$50.16 million in culture, media and consumption (5.74%), US\$257.91 million in information technology (29.52%), and US\$10.45 million in other ventures (including manufacturing, energy and resources, and pharmaceutical, etc.) (1.20%). In addition, cash and cash equivalents were US\$43.51 million, representing 4.98% of the Fund's total assets as of 30 June 2022.

REVIEW OF INVESTMENTS

The following table shows the major investment projects held by the Fund as at 30 June 2022:

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	348	39.89	51.27
*2. China Credit Trust Co., Ltd.	Beijing	Trust management	Unlisted	137	15.67	20.15
*3. JIC Leasing Co., Ltd.	Beijing	Finance leasing	Unlisted	18	2.09	2.69
4. China Reinsurance (Group) Corporation	Beijing	Reinsurance	Hong Kong Stock Exchange	6	0.64	0.82
5. China Media (Tianjin) Investment Management Co., Ltd.	Tianjin	Fund management	Unlisted	2	0.18	0.22
Sub-total:				511	58.47	75.15
Culture, Media & Consumption:						
*6. China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership)	Shanghai	Media investment	Unlisted	26	2.96	3.81
*7. NBA China, L.P.	Beijing	Sports marketing	Unlisted	17	1.98	2.54
8. Oriental Pearl Media Co., Ltd.	Shanghai	Multimedia	Shanghai Stock Exchange	1	0.12	0.16
9. Yunnan Jinlanmei International Travel Investment Development Co., Ltd.	Xishuangbanna, Yunnan	Travel	Unlisted	1	0.08	0.10
10. Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd.	Xining, Qinghai	Travel	Unlisted	5	0.60	0.77
Sub-total:				50	5.74	7.38

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:						
11. Xi'an Jintpower Electrical Co., Ltd.	Xi'an, Shaanxi	Power grid monitoring system	New Third Board ^{Note}	1	0.08	0.10
*12. Anhui Iflytek Venture Capital LLP	Hefei, Anhui	Information technology investment	Unlisted	52	5.91	7.60
*13. Iflytek Co., Ltd.	Hefei, Anhui	Intelligent speech technology	Shenzhen Stock Exchange	42	4.80	6.17
14. Ningbo Meishan Free Trade Port Area Jiangmen Venture Capital LLP	Beijing	Information technology investment	Unlisted	8	0.90	1.16
*15. Pony AI Inc.	Fremont, California	Autonomous driving	Unlisted	33	3.80	4.88
16. Arashi Vision Inc.	Shenzhen, Guangdong	360-degree video products	Unlisted	6	0.68	0.87
*17. Anhui iFlyHealth Co., Ltd.	Hefei, Anhui	Artificial intelligence medical	Unlisted	39	4.45	5.72
*18. China UnionPay Co., Ltd.	Shanghai	Financial payment	Unlisted	45	5.16	6.63
19. CASREV FUND III-RMB L.P.	Beijing	Technology & medical investment	Unlisted	7	0.86	1.11
20. Flexiv Ltd.	Shanghai	Adaptive robots	Unlisted	6	0.64	0.82
21. Beijing Huashun Xin'an Technology Co., Ltd.	Beijing	Cyber security	Unlisted	10	1.10	1.42
22. Xinyi Information Technology Ltd.	Shanghai	System on a chip for Internet of Things	Unlisted	5	0.63	0.81
23. Rizhao Azuri Technologies Co., Ltd.	Rizhao, Shandong	Direct modulated lasers	Unlisted	4	0.51	0.66
Sub-total:				258	29.52	37.95
Others:						
(i) Manufacturing:						
24. Hwagain Group Co., Ltd.	Nanning, Guangxi	Printing paper & tissue paper	Unlisted	2	0.28	0.36
(ii) Energy & Resources:						
25. Wuhan Rixin Technology Co., Ltd.	Wuhan, Hubei	Solar energy	New Third Board ^{Note}	4	0.45	0.58
(iii) Pharmaceutical:						
26. Nanning Huiyou Xingyao Equity Investment Fund L.P.	Nanning, Guangxi	Biopharmaceutical investment	Unlisted	4	0.47	0.60
Sub-total:				10	1.20	1.54
Total:				829	94.93	122.02

*** Ten largest investments of the Fund as of 30 June 2022**

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 2022, 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 2022, the Fund received a cash dividend of RMB84.01 million from CMB for 2021.

On 20 August 2022, CMB announced that its unaudited net profit for the first half of 2022 was RMB69.4 billion, up 13.52% year-over-year.

On 24 May 2022, CMB announced that its subsidiary, CMB Wealth Management Co., Ltd. (“**CMB Wealth Management**”) had completed a change of business registration with respect to increasing its capital, among other corresponding changes to its registered capital. The registered capital of CMB Wealth Management has increased to approximately RMB5.56 billion, while CMB and JPMorgan Asset Management (Asia Pacific) Limited (“**JPMorgan Asset Management**”) hold 90% and 10% of the shares of CMB Wealth Management, respectively. As an important benefit, CMB Wealth Management can now draw on the deep experience of JPMorgan Asset Management as a leading international asset management institution in fintech, investment research, risk management, etc.

On 29 June 2022, CMB’s capital plan targets for 2022-2024 were approved by the shareholders meeting of CMB as follows: within the planning period, the core tier-one capital adequacy ratio, tier-one capital adequacy ratio and total capital adequacy ratio shall reach and be maintained at levels greater than 10.0%, 11.0% and 13.0%, respectively.

In the first half of 2022, 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 2022, the Fund held a 6.94% equity interest in CCT, with a total investment cost of US\$50.49 million.

CCT has increased its registered capital from RMB2,457 million to RMB4,850 million by converting its capital reserves into registered capital. And the relevant change of business registration was completed on 28 February 2022. The Fund’s stake in CCT remains unchanged afterwards.

For the first half of 2022, CCT recorded an unaudited net profit of RMB637 million, down 16.92% year-over-year. During the period, the company recorded an increase in income from commissions and handling fees, along with a decrease in interest income, compared to the same period last year. In addition, the loss due to credit impairment for the period rose, while the sum of investment income and the gain on change in fair value saw a decrease compared to the same period last year. In response to stronger oversight by regulatory bodies and a requirement to downsize the channel business, CCT reduced the scale of its financial channel business to zero by the end of 2021. It has continued to optimise its business mix, while striving to increase the amount of actively managed trust assets, as well as the proportion of those assets to its total trust assets, resulting in a continuous increase in income from commissions and handling fees.

In 2022, in light of the various regulatory measures imposed on the trust industry by the China Banking and Insurance Regulatory Commission and the slumping real estate market in China, CCT has been taking steps to evaluate new projects more prudently. Thus, new real estate trust projects are expected to decrease significantly due to the greater difficulty in developing new real estate business. CCT is striving to develop trust business for standardised assets to support the sustainable development of the business, as well as to actively promote its equity investment trust business. Meanwhile, CCT is seeking to expand its service trust business, encompassing securitised assets and family trusts, and to enhance its brand value and industry influence by developing charity trusts. In addition, CCT and its single largest shareholder, PICC Group, further strengthened their joint cooperation and, on 20 May 2022, they successfully signed an insurance trust, for the first time, with a scale of over RMB100 million. This new milestone also marks a further enhancement of the firm's comprehensive financial service capabilities with respect to "insurance + trust."

CCT regularly reviews its trust projects to identify projects with potential risk, as well as to review and evaluate existing risk protection measures. As a result, the firm has gradually reduced its scope of business with certain real estate developers. Starting from the second half of 2021, it was reported that several large real estate developers have been suffering financial difficulties. In this regard, CCT has closely monitored any risks this may pose to its existing projects, and has taken corresponding risk mitigation measures as soon as practical, in order to protect the interests of trust product investors.

On 17 June 2022, CCT won two awards: the Excellent Securities Investment Trust Product and the Excellent Family Office of the "The Second Session of Golden Honour Award for China Asset Management and Wealth Management Industry in 2022."

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 2022.

In the first half of 2022, JIC Leasing successfully overcame the impact of the coronavirus disease pandemic, carefully implemented the regulatory requirements in all aspects of its operations, proactively served the national strategies, and continued to focus on the steady development of the business. The unaudited net profit of JIC Leasing for the first half of 2022 finally recorded a double-digit increase as compared to the same period last year.

In June 2022, JIC Leasing withdrew its application for an initial public offering (IPO), previously submitted in May 2017, and has obtained a notice of termination of examination from the China Securities Regulatory Commission ("**CSRC**"). This decision was based on a financial adviser's recommendation, per their analysis of the review policy and industry regulatory policy on the listing of quasi-financial enterprises, as promulgated by the CSRC. Furthermore, it was approved by the shareholders meeting of JIC Leasing.

China Reinsurance (Group) Corporation (“China Re”) originated from The People’s Insurance Company of China, founded in 1949 as the first insurance company to be established in New China, with its headquarters in Beijing. It was listed on the Hong Kong Stock Exchange in October 2015. As currently the largest local reinsurance group in China, the business of China Re spans reinsurance, insurance, asset management, insurance brokerage, and insurance media. During the periods of November to December 2015 and of February to April 2016, respectively, the Fund acquired 67.24 million H shares of China Re at an average price of HK\$2.23 per share on the secondary stock market, for an aggregate invested amount of HK\$150 million (equivalent to US\$19.31 million). As of 30 June 2022, the Fund held 67.24 million H shares of China Re, accounting for 0.158% of the total issued share capital of China Re. In August 2022, the Fund received a cash dividend (net of tax) of HK\$3.19 million from China Re for 2021.

On 2 August 2022, China Re pre-announced that its unaudited net profit for the first half of 2022 was estimated to be down by approximately 40% to 50% as compared to the same period last year. The primary reason for the decrease in profit was the decline in investment income year-over-year due to the significant volatility and weakening trend in the capital markets.

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 actively assisting with exit arrangements for the projects of Star China, Shanghai Oriental DreamWorks Co., Ltd. (“**Oriental DreamWorks**”) and Beijing Weiyong Technology Co., Ltd. (“**Weiyong**”).

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 twice for a total of four 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 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 2022, 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 2022, China Media Investment has completed a full exit from four projects, while continuing to hold three projects, namely Star China, Oriental DreamWorks and Weiyong. Of these, Shanghai Canxing Culture Media Co., Ltd., the domestic operating entity of Star China, had applied for domestic listing, but the application was denied by the listing committee of the ChiNext of the Shenzhen Stock Exchange. Subsequently, Star China formed a new entity, Star CM Holdings Limited, which is actively preparing a plan for listing in Hong Kong and published its updated listing application information on the website of the Hong Kong Stock Exchange on 13 May 2022.

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 2022, the Fund held a 1% partnership interest in NBA China. The Fund received a cash distribution from NBA China of US\$1.39 million in the first quarter of 2022.

On 19 February 2022, NBA China and PUMA, the world’s leading sports brand, announced a long-term partnership in which PUMA became an official marketing partner of NBA China. Both parties will continue to use their joint resources in order to promote the strength of their respective brands as well as the diversification development of basketball industry.

On 30 March 2022, China Central Television Channel 5 (CCTV-5) resumed the broadcasting of NBA games, which had been suspended since October 2020.

As a match that is competitive, entertaining, enjoyable and open to the public, the NBA3X 3-on-3 Basketball Challenge 2022 will hold qualifying matches in nine cities (Harbin, Taiyuan, Nanchang, Jinan, Nanjing, Hangzhou, Shenzhen, Chongqing and Haikou). The NBA3X City Tournament 2022 will also be held with the full support of NBA China’s partner Kuaishou, who will broadcast the first NBA3X City Tournament live from Harbin starting on 29 May.

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 2022, the Fund still held 0.995 million A shares of Oriental Pearl, accounting for 0.029% of the issued share capital of Oriental Pearl. The Fund will continue to sell the remaining shares at an appropriate time. In August 2022, the Fund received a cash dividend of RMB0.27 million from Oriental Pearl for 2021.

On 24 February 2022, Oriental Pearl announced the completion of a private equity investment fund filing by an investment fund in which it had participated. To enhance the company's external investment capabilities and to further improve its strategic positioning, Oriental Pearl participated in the establishment of CCTV Convergence Media Industrial Investment Fund (Limited Partnership) as a limited partner with RMB50 million of its own capital, accounting for 1.35% of the partnership's initial scale.

On 14 July 2022, Oriental Pearl pre-announced that its unaudited net profit for the first half of 2022 would be in a range of RMB270 million to RMB324 million, down 61% to 68% year-over-year. The decrease in profit was mainly due to the impact of the coronavirus disease pandemic in Shanghai during the first half of 2022, which affected the company's business, especially in the areas of culture and tourism. In addition, the company's external investment income also decreased significantly year-over-year.

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.

In the first half of 2022, the company continued to move forward with the construction of a tourism pier. However, the tourism industry in Xishuangbanna has continued to be affected by the coronavirus disease pandemic. Cross-province travel was suspended several times throughout the autonomous prefecture during the first half of the year and outbound travel was brought to a full stop, resulting in a near shutdown of tourism in the Jinlanmei area. These developments had an adverse impact on the company's operations.

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 has 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 may postpone the payment of interest due for the loan of RMB200 million to 30 June 2022. In addition, if Qinghai Lake Tourism undergoes a shareholding restructuring during the period, the Fund reserves the right to convert an amount up to RMB200 million into shareholding under the above supplemental agreement, at its sole discretion. In view of the fact that the coronavirus disease pandemic has affected the normal development of Qinghai Lake Tourism over the past two years, the Fund is proposing to agree to enter into another letter of confirmation with Qinghai Lake Tourism with respect to an extension of interest payments, pursuant to which the above interest can be further postponed, during which the Fund will continue to retain the above conversion rights.

In the first half 2022, due to the continuing impact of the coronavirus disease pandemic, the number of tourists visiting the scenic spots of Qinghai Lake has not yet recovered to the level before the pandemic. As the liquidity of Qinghai Lake Tourism is relatively tight at present, Qinghai Lake Tourism is actively reducing expenses in order to improve its financial position. In the meantime, the firm is actively communicating with government departments as it seeks a full acquisition of Qinghai Lake Tourism shares by state-owned enterprises. The Investment Manager is closely monitoring these developments.

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 stock of Jinpower Electrical was listed for trading on the New Third Board in January 2016. 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 2022, accounting for 4.825% of the issued share capital of Jinpower Electrical.

On 19 August 2022, Jinpower Electrical announced that its unaudited net loss for the first half of 2022 was RMB5.57 million, while the net loss for the same period last year was RMB6.50 million. The lesser loss was mainly due to a reversal of credit impairment loss for the receipt of past due receivables during the period.

In recent years, the company has faced many difficulties in production and operations, such as pandemic outbreaks, rising raw material prices, tight liquidity and more intense competition in the industry, all of which has had an impact on the company's operations, and has caused the company's operating results to fall short of expectations in recent years.

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 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 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 2022, the Fund received cash distributions from Iflytek Venture Capital in a cumulative amount of RMB46.96 million.

Through the end of June 2022, Iflytek Venture Capital has made investments in twenty-seven projects. Currently, Iflytek Venture Capital has entered into the investment exit period. Of these projects, four projects have been fully exited and three projects (including iFlyHealth) have been partially exited. On 22 May 2022, one project obtained approval by the CSRC for IPO registration in the ChiNext of the Shenzhen Stock Exchange.

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 2022, 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 0.293% of the issued share capital of Iflytek. In June 2022, the Fund received a cash dividend (net of tax) of RMB0.65 million from Iflytek for 2021.

On 23 August 2022, Iflytek announced that its unaudited net profit for the first half of 2022 was RMB278 million, down 33.57% year-over-year. The decrease in profit was mainly due to a loss on the change in fair value of listed stock investments held by the company due to stock price fluctuations during the period.

On 3 July 2022, the board of directors of Iflytek approved a repurchase plan for A shares of the company. According to the repurchase plan, the total amount of funds for the repurchase will not exceed RMB1 billion and will not be less than RMB500 million. Under the condition that the price of the repurchased shares shall not exceed RMB58.60 per share, it is estimated that the number of shares to be repurchased will not be less than 17,064,846 shares, representing approximately 0.73% of the total issued share capital of the company, based on the upper limit of the repurchase amount of RMB1 billion. Furthermore, it is estimated that the number of shares to be repurchased will not be less than 8,532,423 shares, representing approximately 0.37% of the total issued share capital of the company, based on the lower limit of the repurchase amount of RMB500 million. The repurchase period will be 12 months from the date the repurchase plan was approved by the board of directors. All repurchased shares will be used for subsequent issuances of shares under the company’s share incentive or employee stock ownership plans.

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 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 2022. In addition, through the end of June 2022, the Fund received cash distributions from the Jiangmen Ventures Fund in a cumulative amount of RMB8.75 million.

Through the end of June 2022, 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, one project has been fully exited and two projects have been partially exited. A total of six projects have completed new rounds of equity financing during the first half of 2022.

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, Pony AI completed the first close of another new round of equity financing, with a post-investment valuation of US\$8.7 billion. The equity interest of Pony AI held by the Fund was further diluted from 0.670% to 0.655%.

Through the end of June 2022, Pony AI has recorded a total accumulated autonomous driving distance of over 13 million kilometres. MPI (i.e. the average mileage traveled between two interventions) in the first-tier cities of China was 45,000 miles.

On 20 January 2022, Pony AI has introduced its 6th generation autonomous driving system, with leading-edge sensors, computing platform solutions and stylish design features for L4 automotive-grade mass production fleets. The first model equipped with this system, the Toyota S-AM (SIENNA Autono-MaaS, i.e. a hybrid electric platform based on SIENNA with 7 seats), is expected to start road testing in China in 2022 and will be put into Robotaxi (self-driving taxi services) daily operations in the first half of 2023.

On 24 April 2022, Pony AI won the bid for a taxi license for 2022 in Nansha District, Guangzhou. On 28 April, it obtained an “Autonomous Vehicle Testing License” in Beijing and was approved to provide the public with autonomous driving services, specified as “no safety officer in the primary driver’s seat, and a safety officer in the secondary driver’s seat.”

At the end of June 2022, Pony AI announced that samples of its autonomous driving domain controller, based on the NVIDIA DRIVE Orin SoC (system on a chip), had been delivered to customers, and that mass production of the domain controller will officially start in the fourth quarter of 2022.

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 CSRC.

According to the listing document, the reviewed net profit of Arashi Vision for the first three quarters of 2021 was RMB208 million, up 129.47% year-over-year. And its audited net profit for the past three years ended 31 December 2020 were, in reverse chronological order, RMB120 million, RMB56.28 million and RMB18.29 million, respectively.

Anhui iFlyHealth Co., Ltd. (“iFlyHealth”) 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 USD8.6 million) in February 2020 and RMB50 million (equivalent to USD7.8 million) in November 2021, for an aggregate investment of RMB110 million (equivalent to USD16.40 million) in iFlyHealth, representing a 3.514% equity interest in iFlyHealth as of 30 June 2022.

Through the end of June 2022, iFlyHealth’s product, “Assistant to the General Medical Practitioner,” was deployed in 30 provinces (autonomous regions and municipalities), as well as 353 districts and counties nationwide. It has been adopted by more than 50,000 grass-roots-level doctors and 100 million residents in total. Furthermore, it has helped the grass-roots-level doctors to complete more than 168 million standardised electronic medical records, and it has been used to provide more than 440 million AI-assisted diagnosis suggestions, and to add value in revising a diagnosis more than 540,000. (In this last scenario, the doctors revised their original diagnosis after referring to the diagnosis prompt of the “Assistant to the General Medical Practitioner,” after which the final diagnosis was consistent with the medical record information.)

As announced by its controlling shareholder, Iflytek, on 4 August 2021, iFlyHealth is actively preparing a plan for listing.

As disclosed in the interim report for 2022 published by Iflytek, the controlling shareholder of iFlyHealth, on 23 August 2022, its operating revenue from the intelligent healthcare business segment amounted to RMB140 million, up 40.17% year-over-year.

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.

According to the business information released by China UnionPay in June 2022 and on the occasion of the 25th anniversary of Hong Kong Handover, it stated that the company's growth in the Greater Bay Area has continued to accelerate. With an interconnected acceptance network and cross-border universal payment products, China UnionPay is actively pursuing the development of financial payment integration in the Greater Bay Area, while providing safe and convenient payment services for Hong Kong residents and supporting economic and trade cooperation as well as personnel exchanges between the Mainland China and Hong Kong. In Hong Kong, UnionPay cards have come to be accepted by almost all merchants and automated teller machines (ATMs), and more than 28 million cards have been issued locally. Including the Hong Kong and Macau version of Mobile QuickPass, more than 20 local wallets support UnionPay QR codes, for a total of more than 2.4 million cards using the services. In terms of population, one out of every three Hong Kong residents now uses UnionPay mobile payment services.

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 of RMB50 million by installment, representing 1.11% of the paid-in capital of CASREV Fund III. The Fund completed capital contributions of RMB12.50 million (equivalent to US\$1.85 million), RMB12.50 million (equivalent to US\$1.90 million) and RMB12.50 million (equivalent to US\$1.93 million) in September 2020, November 2020 and August 2021, respectively, representing an aggregate of RMB37.50 million (equivalent to US\$5.68 million) or 75% of the subscription amount committed by the Fund.

Through the end of June 2022, the investment committee of CASREV Fund III has approved a total of 50 investment projects, for a total approved investment amount of RMB3.150 billion, of which RMB3.038 billion has been paid. At present, among the companies invested in by CASREV Fund III, two have been listed, two have been reviewed and approved by the listing committee of the SSE STAR Market, and one has submitted IPO application materials to the SSE STAR Market and has been accepted, and is currently in the inquiry and feedback stage. Another six companies are expected to submit IPO application materials in the second half of 2022.

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. In December 2020, the Fund invested US\$5 million for a 1.67% equity interest in Flexiv. In May 2022, Flexiv completed a new round of equity financing, and the equity interest held by the Fund in Flexiv was diluted from 1.67% to 1.59%, accordingly.

In the first half of 2022, Flexiv began to market and promote its Rizon 10 self-adjusting robot and successively released operating systems and development kits for its self-adjusting robots in order to fully empower innovative development. In addition, the company has completed the deployment, delivery and batch replication of the first self-adjusting production line using the Rizon Robot (Rizon 4), resulting in a doubling of business as compared to the same period last year.

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 focuses 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) to avoid a dilution of its interest, 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 2022.

On 23 June 2022, Huashun Xin'an was recognised as one of the "2022 China Cybersecurity Industry Growth Stars" released by the China Cybersecurity Industry Alliance, in acknowledgment of its strong professional and technical capabilities, along with its excellent market performance.

On 23 June 2022, the first "Digital 500 Golden Tiger List" was officially released around the world at the "SXRDC2022 Digital Conference." After being recommended and reviewed by a number of industry renowned organisations such as the China Cloud System Alliance, a total of 100 academic experts and leading entrepreneurs with significant influence and outstanding contributions with respect to industry, academia as well as research in the field of information technology were selected as the "Digital People Golden Tiger List TOP100". Mr. ZHAO Wu, founder and CEO of Huashun Xin'an, was selected for the Top 25 list for digital transformation and innovation under the "Digital People Golden Tiger List TOP100."

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 for a 1.44% equity interest in Xinyi.

As of the end of June 2022, nearly 20 million Xinyi NB-IoT chips have been shipped, ranking first in the domestic industry in terms of shipments. The SoC of XY2100, a second-generation product specifically developed for smart meters, is now available for sale. And the development of IoT CAT-1 chip for medium-speed IoT has been rapidly advancing and will enter the market promotion stage in the second half of 2022.

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 2022, the 10G-EPON PR30 OLT and XG-COMBO D2/E1 OLT products continued to be shipped, the industrial-grade 10G-EPON products began to be shipped to North America, and the company posted good financial results. At the same time, the company has made significant progress in the research and development of 10G 1270nm, 25G 1300nm and 1358nm chips.

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 2022, Hwagain continued to address daily business operation management issues in areas such as pulp paper production, paper product sales and forestry operations. In addition, certain optimisations and technological upgrades were made to the production process at the Ganzhou base plant and Chongzuo factory. For the first half of 2022, Hwagain recorded an unaudited net profit of RMB10.42 million, down 56.30% year-over-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 July 2009. As of 30 June 2022, 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. In June 2022, the Fund received a cash dividend of RMB0.79 million from Wuhan Rixin for 2021.

On 23 August 2022, Wuhan Rixin announced that its unaudited net loss for the first half of 2022 was RMB14.70 million, while it recorded a net loss of RMB18.15 million for the same period last year. The main reason for the loss decrease was that the two complementary photovoltaic power plant projects sold by the company were completed and recognised as revenue during the period.

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 of RMB24 million by installment, representing 21.24% of the total fund subscription amount of Huiyou Xingyao Fund. The Fund completed capital contributions of RMB16.31 million (equivalent to US\$2.47 million) and RMB7.69 million (equivalent to US\$1.19 million) in November 2020 and July 2021, respectively, representing an aggregate of RMB24 million (equivalent to US\$3.66 million) or 100% of the subscription amount committed by the Fund.

Leveraging its advanced and mature bispecific antibody platform technology, YZY Biopharma has been deeply engaged in the bispecific antibody field for T-cell recruitment of target CD3, and has developed three CD3 bispecific antibody products (namely M802, M701 and Y150) which are at the clinical trial stage, as well as a number of other CD3 bispecific antibody products which are at various pre-clinical trial stages. Of these, the key product, M701, is a bispecific antibody medicine for malignant ascites.

In January 2022, YZY Biopharma completed its conversion into a joint-stock limited company and the Chinese name of the company also changed.

In July 2022, M701 obtained the implied approval by the State Drug Administration for clinical trials and, more recently, M701 clinical studies in the treatment of malignant pleural effusion phase Ib/II have been carried out at the Zhejiang Cancer Hospital and other medical centres.

PROSPECTS

In the first half of 2022, China effectively responded to the impact of unexpected factors, and the national economy stabilised and rebounded. According to data released by the National Bureau of Statistics, Gross Domestic Product (GDP) in the first half of the year was RMB56 trillion, up 2.5% year-on-year, at constant prices. GDP in the second quarter of 2022 was RMB29 trillion, up 0.4% year-on-year. In terms of industries, the added value of the primary industry in the first half of the year was RMB3 trillion, with a year-on-year increase of 5.0%; the added value of the secondary industry was RMB23 trillion, with an increase of 3.2%; and the added value of the tertiary industry was RMB30 trillion, with an increase of 1.8%. Furthermore, the Consumer Price Index of China for the first half of the year rose by 1.7% year-on-year, representing a still relatively low level of inflation.

Looking forward to the second half of the year, the global macro and market trends may remain relatively volatile, and global governments, central banks and markets will face multiple challenges that have not been seen in the past few decades. The escalation of the Russia-Ukraine conflict has had a great and far-reaching impact on global economic growth, inflation and industrial structure. Global inflation has been rising at the fastest pace in more than four decades, and the Russia-Ukraine conflict further led to tighter monetary policies by the US Federal Reserve and other major developed countries. In addition, repeated outbreaks of the coronavirus disease pandemic in China have also intermittently disrupted global aggregate demand and supply chains. As far as China is concerned, rising global inflation and the accelerated implementation of monetary tightening policies by overseas central banks have indirectly restricted room for the easing of China's monetary and fiscal policies to a certain extent. However, as the impact on economic activities by the pandemic during the first half of the year has gradually diminished, and the policy of stabilising growth begins to be gradually implemented in the second half of the year, China's economic recovery will be relatively certain, and consumption and investment demand are also expected to recover marginally, which will further boost corporate profits and market confidence. At the same time, in the medium to long term, the cost advantage of China's manufacturing industry, especially in the fields of automobiles and new energy, is relatively stronger, not weaker, after experiencing the impact of the global pandemic and the Russia-Ukraine conflict. This comparative advantage is expected to become more prominent as disruptions to the global supply chains fade. Given that China's economic growth is gradually returning to normal in the second half of 2022, and that China's economic restructuring is at a new starting point in 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 improve to a certain extent.

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 insurance sector, 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 2022, 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%
China Re	19,308,300	41,290	0.214%
Jinlanmei Travel (1st installment capital contribution)	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%

Name of projects	Original investment amount of the Fund <i>US\$*</i>	Original amounts actually paid by the Participants <i>US\$*</i>	Relative proportion
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 Pony AI (1st round capital injection)	4,741,800 8,000,000	20,470 35,680	0.432% 0.446%
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%
iFlyHealth (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%
iFlyHealth (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%

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

In addition, as of 30 June 2022, details of the amounts actually paid by some of the Directors of the Fund as well as a Director 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. KANG Dong (Note 5) US\$
Wuhan Rixin	4,390	N/A	3,510	1,290	N/A
China Media Management	300	N/A	1,160	30	N/A
China Media Investment (1st installment capital contribution)	2,510	N/A	10,040	250	N/A
Jinpower Electrical	6,030	N/A	6,030	1,280	N/A
China Media Investment (2nd installment capital contribution)	390	N/A	1,570	40	N/A
Hwagain	19,330	N/A	12,880	1,290	N/A
China Media Investment (3rd installment capital contribution)	430	N/A	1,710	40	N/A
China Media Investment (4th installment capital contribution)	1,820	N/A	7,260	180	N/A
China Media Investment (5th installment capital contribution)	190	N/A	780	20	N/A
China Media Investment (6th installment capital contribution)	2,220	N/A	8,880	220	N/A
China Media Investment (7th installment capital contribution)	1,300	N/A	5,200	130	N/A
China Media Investment (8th installment capital contribution)	790	N/A	3,170	80	N/A
China Media Investment (9th installment capital contribution)	330	N/A	1,330	30	N/A
Oriental Pearl	30,650	N/A	38,870	1,390	N/A
JIC Leasing	12,900	N/A	12,900	1,290	N/A
China Re	6,450	N/A	12,900	1,290	N/A
Jinlanmei Travel (1st installment capital contribution)	N/A	N/A	3,220	640	N/A
Iflytek	N/A	N/A	12,890	1,290	N/A
Iflytek Venture Capital (1st installment capital contribution)	N/A	N/A	6,440	1,290	N/A
Iflytek Venture Capital (2nd installment capital contribution)	N/A	N/A	970	190	N/A
Qinghai Lake Tourism (1st installment capital contribution)	N/A	640	3,200	320	N/A
Qinghai Lake Tourism (2nd installment capital contribution)	N/A	1,920	9,600	960	N/A
Iflytek Venture Capital (3rd installment capital contribution)	N/A	N/A	970	190	N/A
The Jiangmen Ventures Fund	N/A	1,280	3,840	1,280	N/A
Pony AI (1st round capital injection)	N/A	1,270	6,370	1,270	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. KANG Dong (Note 5) US\$
Iflytek Venture Capital (4th installment capital contribution)	N/A	N/A	970	190	N/A
Pony AI (2nd round capital injection)	N/A	1,280	1,280	1,280	N/A
Arashi Vision	N/A	1,280	3,830	1,280	N/A
iFlyHealth (1st round capital injection)	N/A	6,420	19,260	1,280	N/A
Iflytek Venture Capital (5th installment capital contribution)	N/A	N/A	320	60	N/A
China UnionPay	N/A	3,870	12,900	1,290	N/A
Iflytek Venture Capital (6th installment capital contribution)	N/A	N/A	640	130	N/A
CASREV Fund III (1st installment capital contribution)	N/A	320	320	320	N/A
CASREV Fund III (2nd installment capital contribution)	N/A	320	320	320	N/A
Huiyou Xingyao Fund (1st installment capital contribution)	N/A	1,750	880	880	N/A
Flexiv	N/A	1,290	20,460	1,290	N/A
Huashun Xin'an (1st installment capital contribution for 1st round capital injection)	N/A	1,030	1,030	1,030	N/A
Huashun Xin'an (2nd installment capital contribution for 1st round capital injection)	N/A	260	260	260	N/A
Huiyou Xingyao Fund (2nd installment capital contribution)	N/A	830	410	410	N/A
CASREV Fund III (3rd installment capital contribution)	N/A	320	320	320	N/A
Xinyi	N/A	6,430	1,290	1,290	N/A
iFlyHealth (2nd round capital injection)	N/A	N/A	1,280	N/A	1,280
Azuri	N/A	N/A	1,280	N/A	1,280
Huashun Xin'an (2nd round capital injection)	N/A	N/A	1,270	N/A	1,270

Note 1: The Chairman of the Fund

Note 2: Director of the Fund and Chairman of the Investment Manager

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 of the Investment Manager

Mr. WANG Xiaoding

Director & General Manager

China Merchants China Investment Management Limited

Hong Kong, 29 August 2022

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

A dividend payment of US\$21,326,622 (2020: US\$12,186,641), being a final dividend of US\$0.07 per share (2020: US\$0.07 per share) and a special dividend of US\$0.07 per share (2020: US\$0.01 per share), totaling US\$0.14 (2020: US\$0.08) per share, for the year ended 31 December 2021 was approved by the shareholders on 27 May 2022 and was subsequently paid by the Company in cash on 27 July 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2022, 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 2022, 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	116,000	Beneficial owner	0.08%

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 2022, 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 2022.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2022, 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)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Steam Navigation Company Limited (Note)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Finance Investment Holdings Co., Ltd. (Note)	Long position	Interest of controlled corporation	42,022,041	27.59%
CMF Holdings Limited (Note)	Long position	Interest of controlled corporation	42,022,041	27.59%
Good Image Limited	Long position	Beneficial owner	42,022,041	27.59%
Lazard Asset Management LLC	Long position	Investment manager	28,990,206	19.03%

Note: China Merchants Group Limited, China Merchants Steam Navigation Company Limited, China Merchants Finance Investment Holdings Co., Ltd. and CMF Holdings 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.

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 are unaudited, but have been reviewed by Deloitte Touche Tohmatsu, 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 independent 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 14 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.

Besides, owing to a business trip, the Chairman, Mr. ZHOU Xing, has given an apology for not being able to attend and chair the annual general meeting of the Company (the “**AGM**”) which was held on 27 May 2022. Mr. WANG Xiaoding, the Executive Director of the Company, then took the chair of the AGM according to the Company’s Articles of Association. In order to ensure effective communication with the shareholders, some Directors, Chairman of the Company’s Audit Committee and the external auditor were present at the AGM to answer shareholders’ questions.

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 10 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 regarding Directors’ securities transactions.

By Order of the Board

Mr. ZHOU Xing

Chairman

Hong Kong, 29 August 2022