



**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 2021

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. ZHOU Xing\* (*Chairman*)  
*(appointed on 26 April 2021)*

Mr. ZHANG Rizhong\*

Mr. WANG Xiaoding#

Mr. TSE Yue Kit#

Ms. KAN Ka Yee, Elizabeth#

Mr. CHU Lap Lik, Victor  
*(alternate to Ms. KAN Ka Yee, Elizabeth#)*

Mr. KE Shifeng\*

Mr. LIU Baojie\*\*

Mr. TSANG Wah Kwong\*\*

Dr. LI Fang\*\*

Dr. GONG Shaolin\*\*

Mr. ZHANG Jian\* (*Chairman*)  
*(resigned on 26 April 2021)*

# *Executive Directors*

\* *Non-executive Directors*

\*\* *Independent Non-executive Directors*

### INVESTMENT COMMITTEE

Mr. ZHOU Xing (*appointed on 26 April 2021*)

Mr. ZHANG Rizhong

Mr. WANG Xiaoding

Ms. KAN Ka Yee, Elizabeth

Mr. CHU Lap Lik, Victor  
*(alternate to Ms. KAN Ka Yee, Elizabeth)*

Mr. ZHANG Jian (*resigned on 26 April 2021*)

### AUDIT COMMITTEE

Mr. TSANG Wah Kwong

Mr. LIU Baojie

Dr. LI Fang

### NOMINATION COMMITTEE

Mr. ZHOU Xing (*appointed on 26 April 2021*)

Mr. TSANG Wah Kwong

Dr. LI Fang

Mr. ZHANG Jian (*resigned on 26 April 2021*)

### 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](http://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 2021 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
		<i>(unaudited)</i>	<i>(unaudited)</i>
	NOTES	US\$	US\$
Net gain (loss) on financial assets at fair value through profit or loss	4	<b>94,839,747</b>	(47,905,963)
Investment income	5	<b>3,139,434</b>	6,107,601
Other gains		<b>338,894</b>	895,522
Administrative expenses		<u><b>(7,479,124)</b></u>	<u>(5,732,536)</u>
Profit (loss) before taxation	7	<b>90,838,951</b>	(46,635,376)
Taxation	8	<u><b>(29,807,179)</b></u>	<u>11,752,787</u>
Profit (loss) for the period		<b>61,031,772</b>	(34,882,589)
Other comprehensive income (expense) for the period			
Item that will not be reclassified subsequently to profit or loss			
Exchange difference arising on translation to presentation currency		<u><b>4,899,321</b></u>	<u>(6,723,284)</u>
Total comprehensive income (expense) for the period		<u><b>65,931,093</b></u>	<u>(41,605,873)</u>
Profit (loss) for the period attributable to owners of the Company		<u><b>61,031,772</b></u>	<u>(34,882,589)</u>
Total comprehensive income (expense) for the period attributable to owners of the Company		<u><b>65,931,093</b></u>	<u>(41,605,873)</u>
Basic earnings (loss) per share	9	<u><b>0.401</b></u>	<u>(0.229)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2021 (unaudited) US\$</b>	31 December 2020 (audited) US\$
	<i>NOTES</i>		
Non-current asset			
Financial assets at fair value through profit or loss	3	<b>893,949,316</b>	835,620,757
Current assets			
Financial assets at fair value through profit or loss	3	<b>96,174,488</b>	73,652,221
Other receivables and prepayments	10	<b>2,790,304</b>	2,002,300
Cash and cash equivalents		<b>63,664,454</b>	60,363,011
		<b>162,629,246</b>	136,017,532
Current liabilities			
Other payables	11	<b>28,410,244</b>	37,760,154
Dividend payable	12	<b>12,186,641</b>	—
Taxation payable		<b>473,942</b>	2,665,577
		<b>41,070,827</b>	40,425,731
Net current assets		<b>121,558,419</b>	95,591,801
Total assets less current liabilities		<b>1,015,507,735</b>	931,212,558
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	16	<b>1,432,420</b>	1,461,857
Deferred taxation	13	<b>184,900,084</b>	154,319,922
		<b>186,332,504</b>	155,781,779
<b>Net assets</b>		<b>829,175,231</b>	775,430,779
<b>Capital and reserves</b>			
Share capital	14	<b>139,348,785</b>	139,348,785
Reserves		<b>114,245,818</b>	109,346,497
Retained profits		<b>575,580,628</b>	526,735,497
<b>Equity attributable to owners of the Company</b>		<b>829,175,231</b>	775,430,779
<b>Net asset value per share</b>	15	<b>5.443</b>	5.090

## 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 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>
Balance at 1 January 2020 (audited)	<u>139,348,785</u>	<u>49,328,396</u>	<u>12,752,258</u>	<u>447,620,803</u>	<u>649,050,242</u>
Loss for the period	—	—	—	(34,882,589)	(34,882,589)
Exchange difference arising on translation to presentation currency	—	(6,723,284)	—	—	(6,723,284)
Total comprehensive expense for the period	—	(6,723,284)	—	(34,882,589)	(41,605,873)
2019 final dividend declared	—	—	—	(10,663,311)	(10,663,311)
Balance at 30 June 2020 (unaudited)	<u>139,348,785</u>	<u>42,605,112</u>	<u>12,752,258</u>	<u>402,074,903</u>	<u>596,781,058</u>

The general reserve represents the general reserve fund, which is 10% of its net profit set aside by 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

	<b>Six months ended 30 June</b>	
	<b>2021</b> <i>(unaudited)</i> <b>US\$</b>	<b>2020</b> <i>(unaudited)</i> <b>US\$</b>
<b>OPERATING ACTIVITIES</b>		
Profit (loss) before taxation	<b>90,838,951</b>	(46,635,376)
Adjustments for:		
Interest income	<b>(217,319)</b>	(268,359)
Dividend income from equity investments	<b>(2,922,115)</b>	(5,839,242)
Net (gain) loss on financial assets at fair value through profit or loss	<b>(94,839,747)</b>	47,905,963
Operating cash flows before movements in working capital	<b>(7,140,230)</b>	(4,837,014)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>802,389</b>	295,178
Return of capital from financial assets at fair value through profit or loss	<b>22,237,757</b>	2,005,409
Purchases of financial assets at fair value through profit or loss	<b>(3,702,332)</b>	(27,448,662)
Decrease in other receivables and prepayments	<b>2,503</b>	5,070
Decrease in other payables	<b>(9,349,910)</b>	(252,538)
(Decrease) increase in financial liabilities designated at fair value through profit or loss	<b>(113,990)</b>	39,447
Cash generated from (used in) operations	<b>2,736,187</b>	(30,193,110)
Interest received	<b>239,486</b>	320,655
Dividends received	<b>2,177,650</b>	4,078,396
Income taxes paid	<b>(2,253,717)</b>	(973,020)
<b>NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>2,899,606</b>	(26,767,079)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>2,899,606</b>	(26,767,079)
<b>CASH AND CASH EQUIVALENTS AS AT 1 JANUARY</b>	<b>60,363,011</b>	64,143,034
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	<b>401,837</b>	(532,038)
<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>	<b>63,664,454</b>	36,843,917

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

### 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 2020 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 2020 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 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020.

### 3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### ***Financial risk factors***

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

The unaudited condensed consolidated financial statements do not include all financial risk management information and disclosures required for the annual consolidated financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2020.

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 2021	31 December 2020	Fair value hierarchy	Valuation techniques	Significant unobservable input(s)	30 June 2021	31 December 2020	Relationship of unobservable inputs to fair value	30 June 2021	31 December 2020
	(unaudited) US\$	(audited) US\$				(unaudited) Range	(audited) Range		increase(+)/ decrease (-) in fair value of assets if 10% increase/ decrease of the unobservable inputs (Note 2) US\$	increase(+)/ decrease (-) in fair value of assets if 10% increase/ decrease of the unobservable inputs (Note 2) US\$
<i>Financial assets at fair value through profit or loss ("FVTPL")</i>										
Listed equity securities (Note 1)	540,355,430	423,278,417	Level 1	Quoted bid prices in active market	N/A	N/A	N/A	N/A	N/A	N/A
Listed equity securities within lock-up period (Note 1)	17,152,598	16,725,161	Level 3	Quoted bid prices in active market and adjusted for lack of marketability	- Discount rate for lack of marketability	2.2%	9.6%	The higher the discount rate, the lower the fair value	-39,000/ +39,000	-178,000/ +178,000
Equity securities (including equity securities traded on the National Equities Exchange and Quotations ("New Third Board") and unlisted equity securities) and unlisted participating preferred unit (Note 1)	326,028,621	294,607,458	Level 3	Market comparable companies	- Earnings multiples - Revenue multiples - Book value multiples  - Discount rate for lack of marketability and specific risk	16.1x - 24.5x 2.5x - 8.4x 0.9x - 8.1x	12.0x - 84.6x 2.4x 1.4x - 6.7x	The higher the multiples, the higher the fair value	+33,215,000/ -33,215,000	+28,736,000/ -28,736,000
Unlisted debt investments (Notes 1 and 4)	5,635,259	27,562,108	Level 3	Discounted cash flow	- Discount rate	4.3%	0% - 4.3%	The higher the discount rate, the lower the fair value	-23,000/ +23,000	-33,000/ +33,000
Unlisted equity (Note 1)	52,434,284	46,324,082	Level 3	Net asset value	- Net asset value of the underlying investments	N/A	N/A	The higher the net asset value, the higher the fair value	N/A	N/A
Unlisted equity securities (Note 1)	48,517,612	100,775,732	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	-4,851,761/ +4,851,761	-10,077,575/ +10,077,575
Closing balance	<u>990,123,804</u>	<u>909,272,978</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 2021.

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:***

	<b>Financial assets at FVTPL US\$</b>
Balance at 1 January 2021 (audited)	<b>485,994,561</b>
Losses recognised in profit or loss	<b>(20,491,100)</b>
Exchange difference arising on translation to presentation currency	<b>2,800,338</b>
Purchases	<b>3,702,332</b>
Return of capital	<b>(22,237,757)</b>
	<b>449,768,374</b>
Balance at 30 June 2021 (unaudited)	<b>449,768,374</b>
Balance at 1 January 2020 (audited)	370,232,322
Losses recognised in profit or loss	(16,089,679)
Exchange difference arising on translation to presentation currency	(3,975,372)
Purchases	27,000,210
Disposals	(295,178)
Return of capital	(2,005,409)
Transfer out of Level 2 to Level 3	14,907,829
	389,774,723
Balance at 30 June 2020 (unaudited)	389,774,723

Of the total gains for the period included in profit or loss, loss of US\$20,650,358 (six months ended 30 June 2020: US\$16,132,571) relates to financial assets at FVTPL categorised in Level 3 held at the end of the reporting period. Fair value gains or losses on financial assets at FVTPL are included in "Net gain (loss) 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 assets:*** (continued)

During the current reporting period, there was no transfer between levels of the fair value measurement hierarchy. In the interim period of 2020, the investment deposits related to Anhui iFlytek Healthcare Information Technology Co., Ltd. (“iFlytek Healthcare”) and China UnionPay Co., Ltd. (“China UnionPay”), which were classified as investment deposits at FVTPL for the year ended 31 December 2019, were transferred from investment deposits to unlisted equities since the transfers of legal title of shareholding were duly completed during the interim period. The valuation technique for the fair value of iFlytek Healthcare and China UnionPay has changed due to the lack of recent transaction price of the financial assets for reference. The fair value of these investments is determined based on significant unobservable inputs and involved significant judgment made by the management. Thus, the instruments were transferred from Level 2 to Level 3 category in 2020.

***Reconciliation of Level 3 fair value measurements of financial liabilities:***

	<b>Financial liabilities designated at FVTPL</b> <i>US\$</i>
Balance at 1 January 2021 (audited)	<b>1,343,845</b>
Issuances	<b>23,220</b>
Redemptions	<b>(66,212)</b>
Change in fair value	<b>(25,737)</b>
	<b>1,275,116</b>
Balance at 30 June 2021 (unaudited)	<b>1,275,116</b>
Balance at 1 January 2020 (audited)	1,190,048
Issuances	62,928
Redemptions	(4,960)
Change in fair value	(26,489)
	<b>1,221,527</b>
Balance at 30 June 2020 (unaudited)	<b>1,221,527</b>

### 3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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

#### ***Fair value measurements and valuation processes***

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

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

The following is an analysis of net gain (loss) on investments of the Group for the six months ended 30 June 2021. The amounts of realised gain (loss) represent the difference between the fair value at the beginning of the period or purchase date in the period and the disposal date of financial instruments while the amounts of unrealised gain (loss) represent the change of fair value during the period of financial instruments held by the Group as at the period end:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(unaudited)</b>	(unaudited)
	<b>US\$</b>	US\$
Net gain (loss) on financial assets at FVTPL		
Listed investments		
Realised	<b>54,978</b>	—
Unrealised	<b>117,602,127</b>	(31,887,183)
Unlisted investments		
Realised	<b>142,914</b>	81,185
Unrealised	<b>(22,960,272)</b>	(16,099,965)
Total	<b>94,839,747</b>	(47,905,963)

## 5. INVESTMENT INCOME

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

	Six months ended 30 June	
	2021 <i>(unaudited)</i> US\$	2020 <i>(unaudited)</i> US\$
Interest income on bank deposits	217,319	268,359
Dividend income on financial assets at FVTPL	2,922,115	5,839,242
Total	3,139,434	6,107,601

## 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.
- (c) Information technology: investees engaged in information technology activities.

The Group also invested in manufacturing, energy and resources, pharmaceutical and agriculture activities (2020: manufacturing, energy and resources, agriculture and education 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. Investment in education segment was fully disposed of during 2020.

Information regarding the above segments is reported below.

## 6. SEGMENTAL INFORMATION (CONTINUED)

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

### For the six months ended 30 June 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		
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>	<u>98,041,982</u>
<b>Unallocated:</b>						
– Administrative expenses						(7,479,124)
– Interest income on bank deposits						217,319
– Other gains						<u>58,774</u>
Profit before taxation						<u><u>90,838,951</u></u>

**6. SEGMENTAL INFORMATION** (CONTINUED)

For the six months ended 30 June 2020

	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	(48,672,088)	(14,423,198)	19,525,627		
Dividend income on financial assets at FVTPL	3,367,059	2,374,720	97,463	5,839,242	—	5,839,242
Other gains	—	895,522	—	895,522	—	895,522
Segment (loss) profit	<u>(45,305,029)</u>	<u>(11,152,956)</u>	<u>19,623,090</u>	<u>(36,834,895)</u>	<u>(4,336,304)</u>	<u>(41,171,199)</u>
Unallocated:						
– Administrative expenses						(5,732,536)
– Interest income on bank deposits						268,359
Loss before taxation						<u>(46,635,376)</u>

Segment profit (loss) represents the net gain (loss) on financial assets at FVTPL including net gain (loss) on investments, 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 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 profit (loss).



## 6. SEGMENTAL INFORMATION (CONTINUED)

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

	<b>30 June 2021 (unaudited) US\$</b>	31 December 2020 (audited) US\$
<b>Segment assets</b>		
Financial services	<b>708,077,517</b>	694,286,699
Culture, media and consumption	<b>43,664,152</b>	61,334,033
Information technology	<b>222,150,819</b>	139,283,555
Total assets for reportable segments	<b>973,892,488</b>	894,904,287
Others	<b>18,813,116</b>	16,204,715
Unallocated	<b>63,872,958</b>	60,529,287
Consolidated assets	<b>1,056,578,562</b>	971,638,289
<b>Segment liabilities</b>		
Financial services	<b>65,961</b>	186,213
Culture, media and consumption	<b>204,516</b>	285,098
Information technology	<b>912,601</b>	787,728
Total liabilities for reportable segments	<b>1,183,078</b>	1,259,039
Others	<b>4,879,440</b>	4,802,758
Unallocated	<b>221,340,813</b>	190,145,713
Consolidated liabilities	<b>227,403,331</b>	196,207,510

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

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

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

**7. PROFIT (LOSS) BEFORE TAXATION**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(unaudited)</b>	(unaudited)
	<b>US\$</b>	US\$
Profit (loss) before taxation has been arrived at after charging (crediting):		
Investment Manager's management fee (note 18(a))	<b>7,026,361</b>	5,255,960
Net foreign exchange (gain) loss	<b>(58,774)</b>	77,733

**8. TAXATION**

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(unaudited)</b>	(unaudited)
	<b>US\$</b>	US\$
The tax (charge) credit for the period comprises:		
Current tax:		
PRC Enterprise Income Tax	<b>(47,423)</b>	(12,833)
Withholding tax for distributed earnings	<b>(145,526)</b>	(116,347)
Deferred taxation (note 13)		
Current period	<b>(29,614,230)</b>	11,881,967
Total	<b>(29,807,179)</b>	11,752,787

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

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

## 9. BASIC EARNINGS (LOSS) PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(unaudited)</b>	<i>(unaudited)</i>
Profit (loss) for the purpose of basic earnings (loss) per share (US\$)	<b>61,031,772</b>	(34,882,589)
Number of ordinary shares for the purpose of basic earnings (loss) per share	<b>152,333,013</b>	152,333,013
Basic earnings (loss) per share (US\$)	<b>0.401</b>	(0.229)

No diluted earnings (loss) 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

	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>(unaudited)</b>	<i>(audited)</i>
	<b>US\$</b>	<i>US\$</i>
Dividend receivable	<b>2,380,490</b>	1,636,025
Interest receivable	<b>17,748</b>	39,915
Other receivables and prepayments	<b>392,066</b>	326,360
Total	<b>2,790,304</b>	2,002,300

**11. OTHER PAYABLES**

	<b>30 June 2021 (unaudited) US\$</b>	31 December 2020 (audited) US\$
Partial consideration received on disposal of investment	<b>4,630,098</b>	4,599,940
Management fee payable	<b>3,518,026</b>	3,391,856
Performance fee payable	—	9,587,735
Business tax payable	<b>19,852,630</b>	19,607,487
Other payables	<b>409,490</b>	573,136
Total	<b><u>28,410,244</u></b>	<u>37,760,154</u>

**12. DIVIDEND PAYABLE**

A dividend payment of US\$12,186,641 (2019: US\$10,663,311), being a final dividend of US\$0.07 per share (2019: US\$0.07 per share) and a special dividend of US\$0.01 per share (2019: Nil), totaling US\$0.08 (2019: US\$0.07) per share, for the year ended 31 December 2020 was approved by the shareholders on 28 May 2021 and was subsequently paid by the Company in cash on 27 July 2021.

### 13. DEFERRED TAXATION

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

	<b>Unrealised capital gains for investments (Note) US\$</b>	<b>Undistributed earnings of PRC subsidiaries US\$</b>	<b>Total US\$</b>
Balance at 1 January 2020 (audited)	93,364,740	21,894,239	115,258,979
Credited to profit or loss for the period	(9,493,435)	(2,388,532)	(11,881,967)
Exchange differences	(1,018,536)	(246,080)	(1,264,616)
Balance at 30 June 2020 (unaudited)	82,852,769	19,259,627	102,112,396
Charged to profit or loss for the period	38,044,087	3,270,551	41,314,638
Exchange differences	9,132,474	1,760,414	10,892,888
Balance at 31 December 2020 (audited)	<b>130,029,330</b>	<b>24,290,592</b>	<b>154,319,922</b>
Charged to profit or loss for the period	<b>25,831,343</b>	<b>3,782,887</b>	<b>29,614,230</b>
Exchange differences	<b>806,678</b>	<b>159,254</b>	<b>965,932</b>
Balance at 30 June 2021 (unaudited)	<b><u>156,667,351</u></b>	<b><u>28,232,733</u></b>	<b><u>184,900,084</u></b>

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 PRC Enterprise Income Tax or profits tax rate in Hong Kong, whichever is applicable.

At the end of the reporting period, the Group has unused tax losses of US\$12.21 million (31 December 2020: US\$13.64 million) available for offsetting against future profits. Included in unrecognised tax losses are losses of US\$6.00 million (31 December 2020: US\$8.79 million) that will expire in 2025. Other tax losses 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 2020: Nil).

**14. SHARE CAPITAL OF THE COMPANY**

	<b>Number of shares</b>	<b>US\$</b>
Issued and fully paid:		
At 31 December 2020, 1 January and 30 June 2021		
– Ordinary shares with no par value	<b>152,333,013</b>	<b>139,348,785</b>

**15. NET ASSET VALUE PER SHARE**

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

	<b>30 June 2021 (unaudited)</b>	31 December 2020 (audited)
Net asset value (US\$)	<b>829,175,231</b>	775,430,779
Number of ordinary shares in issue	<b>152,333,013</b>	152,333,013
Net asset value per share (US\$)	<b>5.443</b>	5.090

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

The financial liabilities designated at FVTPL as at 30 June 2021 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 2021 and 31 December 2020, 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. COMMITMENTS

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

- (a) 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\$7.60 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 2021, the Group has injected RMB25 million (equivalent to approximately US\$3.75 million) (31 December 2020: RMB25 million, equivalent to approximately US\$3.75 million) into CASRF Fund and classified the investment as a financial asset at FVTPL under non-current asset.
- (b) On 24 September 2020, the Group entered into a partnership agreement in relation to Nanning Huiyou Xingyao Equity Investment Fund L.P. ("**Huiyou Xingyao Fund**"), pursuant to which the Group agreed to make a capital contribution of RMB24 million (equivalent to approximately US\$3.66 million) in total by installment into the capital of Huiyou Xingyao Fund in return for a 21.24% interest in Huiyou Xingyao Fund. As at 30 June 2021, the Group has injected RMB16.31 million (equivalent to approximately US\$2.47 million) (31 December 2020: RMB16.31 million, equivalent to approximately US\$2.47 million) into Huiyou Xingyao Fund and classified the investment as a financial asset at FVTPL under non-current asset. Subsequent to the reporting period, the Group completed the remaining capital contribution of RMB7.69 million (equivalent to US\$1.19 million) to Huiyou Xingyao Fund.
- (c) On 24 March 2021, the Group entered into an investment agreement in relation to Beijing Huashun Xin'an Technology Co., Ltd. ("**Huashun Xin'an**"), pursuant to which the Group agreed to contribute capital to Huashun Xin'an in order to participate in its new round of financing and to obtain an equity interest, as well as to purchase a portion of the equity interest from the founding shareholders of Huashun Xin'an at a discounted price. The total investment made by the Group in Huashun Xin'an is RMB30 million (equivalent to approximately US\$4.60 million) in return for a 4.29% interest in Huashun Xin'an. As at 30 June 2021, the Group has contributed RMB24 million (equivalent to approximately US\$3.67 million) to the Huashun Xin'an project and classified the investment as a financial asset at FVTPL under non-current asset. Subsequent to the reporting period, the Group completed the remaining capital contribution of RMB6 million (equivalent to US\$0.93 million) to the Huashun Xin'an project.

## 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 2021, the Group has incurred the following related party transactions:

- (a) Management fees totaling US\$7,026,361 (six months ended 30 June 2020: US\$5,255,960) 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 2021 was US\$3,533,429 (31 December 2020: US\$13,011,305). Amount due to the Investment Manager is unsecured, interest free and is repayable on demand.
- (c) Securities brokerage commission fee totaling US\$328 (six months ended 30 June 2020: US\$448) was paid to a subsidiary of a substantial shareholder of the Company who has significant influence over the Company.
- (d) 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 2021, were US\$49,636, US\$309,450 and US\$39,477, respectively (31 December 2020: US\$53,084, US\$316,300 and US\$37,360, respectively). The financial liability of the Group with Mr. ZHOU Xing, who was appointed as a Director of the Company on 26 April 2021, was US\$42,790 (31 December 2020: US\$48,363). Moreover, the financial liability of the Group with Mr. LAW Hung Kuen, Janson, a Director of the Investment Manager and resigned on 23 August 2021, was US\$51,287 (31 December 2020: US\$52,577).

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 23, which comprise the condensed consolidated statement of financial position as of 30 June 2021 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  
30 August 2021

## INVESTMENT MANAGER'S DISCUSSION AND ANALYSIS

### OVERALL PERFORMANCE

China Merchants China Direct Investments Limited and its subsidiaries (the "**Fund**") recorded a profit attributable to equity shareholders of US\$61.03 million for the six months ended 30 June 2021, compared to a loss attributable to equity shareholders of US\$34.88 million for the same period last year. The reversal was mainly due to an increase in the overall value of the financial assets at FVTPL (the "**Financial Assets**"), resulting in the recognition of a gain, rather than a loss as in the prior period. As of 30 June 2021, the net assets of the Fund (net of the final and special dividends of US\$12.19 million in aggregate for 2020, paid in July 2021) were US\$829.18 million (31 December 2020: US\$775.43 million), with a net asset value per share of US\$5.443 (31 December 2020: US\$5.090).

The net gain on the Financial Assets for the period was US\$94.84 million, compared to a net loss of US\$47.91 million for the same period last year. Looking deeper, the listed investments recorded a net gain of US\$117.66 million, while the unlisted investments recorded a net loss of US\$22.82 million.

Total investment income for the period decreased by 48.61% to US\$3.14 million (six months ended 30 June 2020: US\$6.11 million) as compared to the same period last year, due mainly to a decrease in dividend and distribution income from investments.

### ACQUISITIONS AND DISPOSALS OF INVESTMENTS

In the first half of 2021, the Fund continued to seek out and rigorously evaluate investment opportunities. During the period, the Fund completed an investment in a cyber security project.

On 24 March 2021, the Fund entered into an investment agreement and other relevant agreements in relation to Beijing Huashun Xin'an Technology Co., Ltd. ("**Huashun Xin'an**"), pursuant to which the Fund agreed to contribute capital to Huashun Xin'an in order to participate in its new round of financing and to obtain an equity interest, as well as to purchase a portion of the equity interest from the founding shareholders of Huashun Xin'an at a discounted price. The total investment made by the Fund in Huashun Xin'an is RMB30 million, representing a 4.29% equity interest. The Fund completed capital contributions of RMB24 million (equivalent to US\$3.67 million) and RMB6 million (equivalent to US\$0.93 million) to the Huashun Xin'an project on 9 April and 2 July 2021, respectively, making an aggregate of RMB30 million (equivalent to US\$4.60 million) for this investment. Huashun Xin'an 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. It is primarily engaged in the research and development of technologies and products in the field of cyber information security, and its search engine for cyberspace resources, FOFA, is currently a global leader in this field.

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

The Fund reached a decision to recall the loan to Rong Bao Zhai Culture Co., Ltd. ("**Rong Bao Zhai Culture**") in the fourth quarter of 2020. As of 28 June 2021, the Fund received the full amount of the loan principal of RMB300 million plus accrued interest of RMB26.49 million (equivalent to US\$50.09 million) from Rong Bao Zhai Culture, and officially exited from this investment. The pre-tax internal rate of return to the Fund from Rong Bao Zhai Culture was 3.57%.

## ***LIQUIDITY, FINANCIAL RESOURCES, GEARING AND COMMITMENTS***

The Fund's cash and cash equivalents increased by 5.47%, from US\$60.36 million at the end of last year to US\$63.66 million (representing 6.03% of the Fund's total assets) as of 30 June 2021, due mainly to the receipt of the remaining loan principal plus interest accrued from Rong Bao Zhai Culture during the period.

As of 30 June 2021, the Fund had no outstanding bank loans (31 December 2020: Nil).

As of 30 June 2021, the Fund had commitments of US\$5.98 million (31 December 2020: US\$5.01 million) for investments that were approved but not yet provided for in the financial statements – specifically, for future payments related to investments in CASREV FUND III-RMB L.P., Nanning Huiyou Xingyao Equity Investment Fund L.P. and Huashun Xin'an.

## ***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 an increase of 0.65% in the first half of 2021, which had a favourable 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 2021, the Fund's total investments amounted to US\$990.12 million. The sector distribution of investments was US\$705.70 million in financial services (representing 66.79% of the Fund's total assets), US\$43.46 million in culture, media and consumption (4.11%), US\$222.15 million in information technology (21.02%), and US\$18.81 million in other ventures (including manufacturing, energy and resources, and pharmaceutical, etc.) (1.78%). In addition, cash and cash equivalents were US\$63.66 million, representing 6.03% of the Fund's total assets as of 30 June 2021.

## REVIEW OF INVESTMENTS

The following table shows the major investment projects held by the Fund as at 30 June 2021:

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 %
<b>Financial Services:</b>						
*1. China Merchants Bank Co., Ltd.	Shenzhen, Guangdong	Banking	Shanghai Stock Exchange	461	43.66	55.64
*2. China Credit Trust Co., Ltd.	Beijing	Trust management	Unlisted	212	20.10	25.61
*3. JIC Leasing Co., Ltd.	Beijing	Finance leasing	Unlisted	24	2.22	2.82
4. China Reinsurance (Group) Corporation	Beijing	Reinsurance	Hong Kong Stock Exchange	7	0.65	0.83
5. China Media (Tianjin) Investment Management Co., Ltd.	Tianjin	Fund management	Unlisted	2	0.16	0.21
<b>Sub-total:</b>				<b>706</b>	<b>66.79</b>	<b>85.11</b>
<b>Culture, Media &amp; Consumption:</b>						
*6. China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership)	Shanghai	Media investment	Unlisted	27	2.58	3.29
*7. NBA China, L.P.	Beijing	Sports marketing	Unlisted	9	0.82	1.04
8. Oriental Pearl Media Co., Ltd.	Shanghai	Multimedia	Shanghai Stock Exchange	1	0.12	0.15
9. Yunnan Jinlanmei International Travel Investment Development Co., Ltd.	Xishuangbanna, Yunnan	Travel	Unlisted	1	0.06	0.08
10. Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd.	Xining, Qinghai	Travel	Unlisted	5	0.53	0.68
<b>Sub-total:</b>				<b>43</b>	<b>4.11</b>	<b>5.24</b>

Name of projects	Location of headquarters	Main business	Listed (Stock Exchange)/ unlisted	Carrying value US\$ million	Percentage of total assets %	Percentage of net assets %
<b>Information Technology:</b>						
11. Xi'an Jinpower Electrical Co., Ltd.	Xi'an, Shaanxi	Power grid monitoring system	New Third Board <sup>Not</sup>	1	0.07	0.09
*12. Anhui Iflytek Venture Capital LLP	Hefei, Anhui	Information technology investment	Unlisted	12	1.10	1.40
*13. Iflytek Co., Ltd.	Hefei, Anhui	Intelligent speech technology	Shenzhen Stock Exchange	71	6.71	8.55
14. Ningbo Meishan Free Trade Port Area Jiangmen Venture Capital LLP	Beijing	Information technology investment	Unlisted	5	0.49	0.63
*15. Cambicon Technologies Corporation Limited	Beijing	Artificial intelligence chips	SSE STAR Market	17	1.62	2.07
*16. Pony AI Inc.	Fremont, California	Autonomous driving	Unlisted	35	3.33	4.24
17. Arashi Vision Inc.	Shenzhen, Guangdong	360-degree video products	Unlisted	3	0.30	0.38
18. Anhui iFlytek Healthcare Information Technology Co., Ltd.	Hefei, Anhui	Artificial intelligence medical	Unlisted	5	0.51	0.65
*19. China UnionPay Co., Ltd.	Shanghai	Financial payment	Unlisted	60	5.68	7.23
20. CASREV FUND III-RMB L.P.	Beijing	Technology & medical investment	Unlisted	4	0.39	0.50
21. Flexiv Ltd.	Shanghai	Adaptive robots	Unlisted	5	0.47	0.60
22. Beijing Huashun Xin'an Technology Co., Ltd.	Beijing	Cyber security	Unlisted	4	0.35	0.45
<b>Sub-total:</b>				<b>222</b>	<b>21.02</b>	<b>26.79</b>
<b>Others:</b>						
<b>(i) Manufacturing:</b>						
23. Shenzhen Geesun Intelligent Technology Co., Ltd.	Shenzhen, Guangdong	Production equipment for lithium ion batteries	Unlisted	0	0.03	0.03
24. Hwagain Group Co., Ltd.	Nanning, Guangxi	Printing paper & tissue paper	Unlisted	7	0.65	0.83
<b>(ii) Energy &amp; Resources:</b>						
25. Wuhan Fixin Technology Co., Ltd.	Wuhan, Hubei	Solar energy	New Third Board <sup>Not</sup>	5	0.43	0.55
<b>(iii) Pharmaceutical:</b>						
26. Nanning Huiyou Xingyao Equity Investment Fund L.P.	Nanning, Guangxi	Biopharmaceutical investment	Unlisted	2	0.23	0.30
<b>Sub-total:</b>				<b>14</b>	<b>1.34</b>	<b>1.71</b>
<b>Total:</b>				<b>985</b>	<b>93.26</b>	<b>118.85</b>

**\* Ten largest investments of the Fund as of 30 June 2021**

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 2021, 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 2021, the Fund received a cash dividend of RMB69.16 million from CMB for 2020.

On 14 August 2021, CMB announced that its unaudited net profit for the first half of 2021 was RMB61.2 billion, up 22.82% year-over-year.

On 19 March 2021, CMB announced that CMB Wealth Management Co., Ltd. (“**CMB Wealth Management**”), a wholly-owned subsidiary, intends to introduce a strategic investor, JPMorgan Asset Management (Asia Pacific) Limited (“**JPMorgan Asset Management**”, a major operating entity and the asset management arm of JPMorgan Chase & Co. in Asia). JPMorgan Asset Management and CMB will hold 10% and 90% of the shares of CMB Wealth Management, respectively. As an important benefit, CMB Wealth Management can now draw on the experience of JPMorgan Asset Management as a leading international asset management institution in fintech, investment research, risk management, etc.

On 20 May 2021, CMB announced that it had received approval from the European Central Bank for the establishment of China Merchants Bank (Europe) Co., Ltd. (“**CMB Europe**”), a wholly-owned subsidiary based in Luxembourg. The registered capital of CMB Europe is EUR50 million, and this newly established entity is expected to further promote the international reach of CMB in global markets.

On 1 June 2021, CMB announced that the China Banking and Insurance Regulatory Commission (“**CBIRC**”) had approved the transfer of a total of 14.8559% shares of the Bank of Taizhou held by China Ping An Trust Co., Ltd. and Ping An Life Insurance Company of China, Ltd. to CMB. CMB had previously signed an equity transfer agreement and already paid consideration for the equity transfer. Upon completion of the transaction, CMB will cumulatively hold 24.8559% shares of the Bank of Taizhou, a leading bank in the small and micro finance business. CMB believes that its new stake in the Bank of Taizhou will enhance its capability to provide financial services to small and micro enterprises.

On 25 June 2021, CMB’s capital plan targets for 2021-2023 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 2021, 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 2021, the Fund held a 6.94% equity interest in CCT, with a total investment cost of US\$50.49 million. In June 2021, CCT declared a cash dividend for 2020, and the Fund is entitled to receive a total of US\$2.04 million (pre-tax) from CCT.

For the first half of 2021, CCT recorded an unaudited net profit of RMB767 million, up 22.27% year-over-year. During the period, the company recorded a decrease in interest income, but a significant increase in income from commissions and handling fees, as compared to the same period last year. In addition, the company recorded credit impairment loss during the period, the amount of which was significantly higher than the loss due to asset impairment, as compared to the same period last year. Investment income saw significant increases as compared to the same period last year. The increase in CCT's unaudited net profit for the first half of 2021 as compared to the same period last year was mainly attributable to the increase in income from commissions and handling fees and investment income during the period, as well as to a decrease in interest expense.

In 2021, the CBIRC continues to set caps for trust companies with respect to the absolute size of their real estate trust assets, as well as to the proportion of their non-standardised debt assets in relation to trust management assets. In addition, it also strictly differentiates the business model of non-investment trusts in order to prevent the occurrence of disguising debt as equity. At the same time, regulatory authorities continue to ask trust companies to further downsize their channel business. Thus, CCT faces significant difficulties in conducting new real estate business, as it may undertake new real estate trust projects only after it has reduced exposure to current projects, and it has to seek arrangements that can conform to the new regulatory requirements and that can minimise the effects of the new regulations on its business. Currently, among its traditional businesses, the real estate trust business remains the primary source of income and profit for CCT. In order to optimise its trust business mix, CCT will strive to develop trust business for standardised assets, as well as to actively promote the equity investment trust business. As such, the proportion of real estate trust business can be reduced, while at the same time the quota for non-standardised debt assets (including real estate) trust can be increased by expanding total trust management assets. In addition, CCT will work hard to develop service trust businesses, such as securitised assets and family trusts, and to enhance its brand value and industry influence by developing charity trusts. CCT will also strengthen its business cooperation with the PICC Group, its single largest shareholder.

**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 2021.

During the first half of 2021, JIC Leasing actively adopted various regulatory requirements, operated its business in a conservative manner and adhered to the necessities of risk management. The unaudited net profit of JIC Leasing for the first half of 2021 recorded a single-digit decline as compared to the same period last year.

JIC Leasing submitted the materials to apply for an initial public offering (IPO) with the China Securities Regulatory Commission (“CSRC”) in early May 2017. It is still in the queue for the CSRC's review of its listing application for the Main Board of the Shanghai Stock Exchange and as of 30 June 2021, it ranked 4th in the queue.

**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 Hong Kong secondary stock market, for an aggregate invested amount of HK\$150 million (equivalent to US\$19.31 million). As of 30 June 2021, 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 2021, the Fund received a cash dividend (net of tax) of HK\$2.98 million from China Re for 2020.

On 23 July 2021, China Re pre-announced that its unaudited net profit for the first half of 2021 was estimated to be up by approximately 55% to 65% as compared to the same period last year. The primary reasons for the increase in net profit were both an improvement in underwriting performance with respect to its international business and an increase in investment income.

**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 two 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.



Through the end of June 2021, the Fund has 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 2021, China Media Investment had completed a full exit from four projects, while continuing to hold three projects, namely Star China, Oriental DreamWorks and Weiyang. Of these, Shanghai Canxing Culture Media Co., Ltd., the domestic operating entity of Star China, is actively preparing a plan for listing in Hong Kong since its application for domestic listing was declined by the Listing Committee of the ChiNext of the Shenzhen Stock Exchange.

**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 2021, the Fund held a 1% partnership interest in NBA China. The Fund received a cash distribution from NBA China of US\$0.485 million in January 2021.

On 8 April 2021, NBA basketball training centre at Mission Hills Tourism Industrial Park of Haikou was officially opened to the public. The centre has five professional indoor basketball courts that meet the standards of the International Basketball Federation, as well as supporting facilities such as gymnasiums, rehabilitation centres, training rooms, retail stores, indoor swimming pools, medical rooms, player apartments and player canteens. NBA-certified coaches will be responsible for basketball training and player development in the park, and for the design of professional basketball training programmes as well.

On 18 June 2021, NBA China announced it would hold the NBA 3-on-3 basketball challenge. Over the course of 11 weekends, it will bring exciting 3-on-3 basketball matches to fans in 10 cities, along with a wide variety of NBA-themed entertainment activities.

On 22 June 2021, NBA China and Xiaopeng Motors jointly announced that Xiaopeng Motors had become an official marketing partner of NBA China. The partnership will extend for a term of three years. Xiaopeng Motors is the first smart car brand to enter into a cooperative marketing arrangement with NBA China.

On 2 July 2021, NBA China and Tencent Music Entertainment Group (TME) jointly announced a formal strategic partnership, pursuant to which TME will become the official music partner of NBA China. Under the arrangement, the two parties hope to bring together the excitement from the “Sound X Basketball” combination and to provide fans with some rich and novel NBA-themed content through a series of measures, including jointly produced theme songs, cooperation with musicians for cheering during the NBA season, creation of a new NBA podcast ecosystem and the offering of joint memberships.

**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 2021, 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 June 2021, the Fund received a cash dividend of RMB0.27 million from Oriental Pearl for 2020.

On 11 March 2021, Oriental Pearl for the first time repurchased its 4,295,109 shares through a centralised bidding transaction, representing 0.13% of its total issued share capital. As of 31 March 2021, Oriental Pearl has repurchased an aggregate of 34,865,269 shares through centralised bidding transactions, representing 1.02% of its total issued share capital, an increase of 0.895% compared to the number disclosed on 11 March. The highest price per share in the repurchase was RMB9.77, while the lowest price was RMB9.10, and total consideration for the repurchase was RMB332 million.

On 30 April 2021, Oriental Pearl announced that its unaudited net profit for the first quarter of 2021 was RMB282 million, down 1.06% 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., 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 the first half of 2021, Xishuangbanna tourism continued to be affected by the outbreak of the novel coronavirus, although the volume of business has been recovering slowly. The company is actively preparing for the construction of a new tourism pier. Meanwhile, it has also completed the inspection of a small-sized cruise ship with 60 seats and will commence operations once it has obtained a business license for the cruise ship.

**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, representing a full recovery of the loan made by the Fund. On 22 January 2021, the Fund entered into a letter of confirmation with Qinghai Lake Tourism with respect to an extension of interest payments, pursuant to which Qinghai Lake Tourism may postpone the payment of interest due for the loan of RMB200 million to 30 June 2022. The Fund will continue to closely monitor the situation with a goal to recover the interest, but will also consider whether to exercise its rights to convert an amount up to RMB200 million into shareholding under the supplemental agreement during the joint-stock restructuring of Qinghai Lake Tourism.

In the first half of 2021, due to the continuing impact of the outbreak of the novel coronavirus, the number of tourists visiting scenic spots has not yet recovered to the level before the outbreak. In order to improve operating conditions, Qinghai Lake Tourism is currently taking active measures to reduce expenses while also putting more effort into publicising the locations that are fully open in order to attract more tourists, so long as the pandemic remains under control.

**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 2021, accounting for 4.82% of the issued share capital of Jinpower Electrical.

On 20 August 2021, Jinpower Electrical announced that its unaudited net loss for the first half of 2021 was RMB6.50 million, while the net loss for the same period last year was RMB3.57 million. The increase in loss was due mainly to an increase in selling expenses as well as research and development expenses as compared to the same period last year.

**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 2021, the Fund received cash distributions from Iflytek Venture Capital in a cumulative amount of RMB33.89 million.

Through the end of December 2020, Iflytek Venture Capital had made investments in a total of twenty-seven projects. Currently, Iflytek Venture Capital has entered the investment exit period. In the first half of 2021, no projects have exited or applied for an IPO, though some projects have been refinanced.

**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 of Mainland China with an aggregate invested amount of RMB130 million (equivalent to US\$18.83 million). As of 30 June 2021, 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 0.306% of the issued share capital of Iflytek. In June 2021, the Fund received a cash dividend (net of tax) of RMB1.31 million from Iflytek for 2020.

Iflytek first announced on 19 January 2021, then again on 22 April 2021, its revised proposal for a non-public issuance of new shares, under which the company will issue not less than 58,070,280 shares and not more than 75,938,058 shares, in order to raise funds of not less than RMB1.95 billion and not more than RMB2.55 billion. Of these shares, Mr. LIU Qingfeng, one of the de facto controlling shareholders of the company, shall subscribe for not less than 52,114,354 shares and not more than 69,982,132 shares, with a subscription amount of not less than RMB1.75 billion and not more than RMB2.35 billion. In addition, a company controlled by Mr. LIU shall subscribe for 5,955,926 shares with a subscription amount of approximately RMB200 million. The proceeds from this placement shall be used in full to replenish the company’s working capital, which in turn will strengthen its capital base, optimise its asset structure and enhance its risk-resistance capacity. Iflytek received approval from the CSRC for this proposal on 25 May 2021, and this proposal was implemented on 19 July 2021 as well.

On 24 August 2021, Iflytek announced that its unaudited net profit for the first half of 2021 was RMB419 million, up 62.12% year-over-year. The increase in net profit was due mainly to the ongoing development of the AI industry, as well as to the company's repeated success in achieving the corporate strategic plan, which has led to continuing growth in profitability driven by the company's core technologies and strong momentum in the development of its core business.

**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 total fund subscription amount of RMB410 million (presently, the paid-in capital amounts 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 2021. In addition, through the end of June 2021, the Fund received cash distributions from the Jiangmen Ventures Fund in a cumulative amount of RMB7.30 million.

Through the end of June 2021, the Jiangmen Ventures Fund has made investments in nineteen projects for a total of RMB233 million. A total of nine projects have completed new rounds of financing during the first half of 2021. Among these, the valuation of three projects have nearly doubled from the previous round, and the latest valuation of one project was about 2.6 times the previous round.

**Cambricon Technologies Corporation Limited ("Cambricon")** was established in 2016 in Beijing. The company grew out of a research and development project of the Smart Chips Research Group at the Institute of Computing Technology, Chinese Academy of Sciences and is a high technology company that focuses on the research, development and design of AI chips. Cambricon was listed on the SSE STAR Market in July 2020. In June 2018, the Fund, via a partnership entity, invested approximately RMB38 million (equivalent to US\$5.94 million), and beneficially held 0.823 million shares in Cambricon, accounting for 0.206% of its issued share capital as of 30 June 2021. The shares of Cambricon beneficially held by the Fund are subject to a lock-up period of one year, which expired in July 2021.

On 21 January 2021, Cambricon officially launched the SIYUAN 290 smart chip and accelerator card and the XUANSI 1000 intelligent booster. These new products will enrich the company's cloud product portfolio and broaden the cloud-related market for the company, which is conducive to consolidating and enhancing the company's core competitiveness and is expected to have positive effect on the future development of the company.

On 12 August 2021, Cambricon announced that its unaudited net loss for the first half of 2021 was RMB392 million, while the net loss for the same period last year was RMB202 million. The increase in loss was due mainly to an increase in research and development expenses as compared to the same period last year.

**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 led by a scientific innovation investment platform affiliated with the Ontario Teachers' Pension Plan of Canada, with a post-investment valuation of US\$5.3 billion. The Fund's equity interest in Pony AI was diluted to 0.670%, accordingly.

Through the end of June 2021, Pony AI has recorded a total accumulated autonomous driving distance of over 6 million kilometres. The increase was mainly attributable to a persistent increase in fleet scale and the geographic area of the test-run zone, as well as a significant increase in the daily operating hours and operating efficiency. Several important events occurred for Pony AI in the first half of 2021. The Shanghai office was established in early 2021, the total fleet size reached 200 units, and a memorandum of understanding on cooperation was signed with ZF Group and Luminar, respectively.

**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 accepted for review on 28 October 2020. On 31 March 2021, the company was required to update the financial information disclosed in its listing application as the validity had expired. Then, on 30 June 2021, Arashi Vision submitted the new financial information and the review of the application for listing restarted.

According to the listing information, the unaudited net profit of Arashi Vision for the first quarter of 2021 was RMB54.32 million, up 87.32% year-over-year. And its audited net profit for the past three years ended 31 December 2020 were, in reverse chronological order, RMB120.42 million, RMB56.28 million and RMB18.29 million.

**Anhui iFlytek Healthcare Information Technology Co., Ltd. (“iFlytek Healthcare”)** was established in the High-tech Development Zone, Hefei, Anhui in 2016 and is a startup AI medical enterprise. The Fund invested RMB60 million (equivalent to US\$8.60 million) in February 2020 for a 3% equity interest in iFlytek Healthcare.

During the outbreak of the novel coronavirus in 2020, iFlytek Healthcare launched an online novel coronavirus recovery escort system in Hubei within 48 hours, completed the development of a novel coronavirus image-assisted diagnosis system within 3 days, and assisted doctors in realising efficient detection and comparison of lung infection lesions. The company used its AI SmartDoctor Assistant to analyse grass-roots-level medical histories, analyse medical histories of grass-roots-level outpatient service via online, conduct content mining and analysis, screen high-risk groups and suspected patients and assist tens of thousands of grass-roots-level doctors in the initial screening of the novel coronavirus. The company accumulatively processed more than 6 million grass-roots-level medical histories, and monitored and warned about the pandemic-related symptoms such as fever, cough, and dyspnea. In addition, the company's SmartDoctor Assistant's phone robots undertook millions of outbound calls every day during the pandemic to help with pandemic screening. It screened out patients with fever symptoms and positive epidemiological histories through smart outbound calls, which greatly reduced the workload of manual screening. The SmartDoctor Assistant's phone robots also provided public health follow-up services for hundreds of millions of people in most provinces and cities across the country, which greatly improved the efficiency of publicity, education and follow-up work of grass-roots-level medical staff.

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

**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. In July 2021, China UnionPay declared a cash dividend for 2020, and the Fund is entitled to receive an amount of RMB1.30 million from China UnionPay.

According to the information released by China UnionPay in early 2021, in 2020, UnionPay's network transfer transaction volume reached RMB206 trillion and continues to rank first in terms of market share for global bank card settlements. In addition, the UnionPay acceptance network has expanded to 178 countries and regions overseas, covering nearly 59 million merchants worldwide.

On 6 May 2021, China UnionPay released data on UnionPay online transactions during the May Day holiday in 2021. The transaction value for the five days of the May Day holiday totaled RMB1.91 trillion, representing an increase of 5.5% as compared to the same period last year. A record high was achieved in terms of the total amount over the same period in prior years. The number and amount of transactions on the Mobile QuickPass APP increased by 18.5% and 46.9%, respectively, as compared to the same period last year. During the period of 1 May to 5 May, the number of UnionPay mobile transactions on key online travel agency platforms increased by 550%, and the amount increased by 613%, as compared to the same period last year.

**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) and RMB12.50 million (equivalent to US\$1.90 million) in September and November 2020, respectively, representing an aggregate of RMB25 million (equivalent to US\$3.75 million) or 50% of the subscription amount committed by the Fund.

Through the end of June 2021, CASREV Fund III has made investments in thirty-seven projects with a total approved investment amount of RMB2.15 billion. Among these, two projects have submitted IPO application materials for listing on the ChiNext and SSE STAR Market in Mainland China, and four other projects are expected to submit IPO application materials in 2021.

**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.

Rizon Robot (Rizon 4), the major product of Flexiv, has migrated to volume production and its sales volume is starting to increase in 3C, cars and other emerging industries. In addition, Flexiv launched an AI Platform System in June 2021 called Neoma, which is a general intelligent robot brain with the integration of cloud, edge and end, available to the whole industry.

**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. Its search engine for cyberspace resources, FOFA, is currently a global leader in this field. 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), which equates to a 4.29% equity interest in Huashun Xin’an.



During the first half of 2021, Huashun Xin'an signed a strategic cooperation agreement with Xiangtan University and the Office of Xiangtan Municipal Cyberspace Affairs Commission, with a focus on developing local business. The company will work closely with the relevant government departments to promote the development and marketing of new products in the innovative information technology application industry.

**Shenzhen Geesun Intelligent Technology Co., Ltd. (“Geesun Intelligent”)** was established in Shenzhen, Guangdong in 2006 and is a leading professional manufacturer of production equipment and automated production lines for lithium ion batteries and super capacitors in China. The Fund invested RMB20 million (equivalent to US\$2.93 million) in May 2010 and held a 5.31% equity interest in Geesun Intelligent as of 30 June 2021.

During the first half of 2021, Geesun Intelligent continued to adhere to its business strategy adopted last year by focusing on customer restructuring. Geesun Intelligent's products have been recognised by top-tier lithium battery plants and the company has received several large orders for thermal compound stacking machines. However, due to the significant increase in orders, Geesun Intelligent is facing tight funding, which will need to be resolved. Geesun Intelligent recorded an unaudited net loss of RMB75.33 million for the first half of 2021, which was due mainly to the relatively long testing period by customers for new products, meaning that income from the increased orders has yet to be recognised.

**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 2021, Hwagain gradually recovered from the impact of the novel coronavirus. It actively focused on day-to-day operations with respect to pulp paper production, sales of paper products and forestry operations, and it continued to see stable and improving operating conditions. Hwagain recorded an unaudited net profit of RMB23.85 million for the first half of 2021, while it recorded a net loss of RMB10.70 million for the same period last year.

**Wuhan Rixin Technology Co., Ltd. (“Wuhan Rixin”)** was established in Wuhan, Hubei in 2001 and is a state-accredited high technology enterprise engaged in the design, production and installation of solar modules and Building Integrated Photovoltaic (BIPV) products, as well as in the operation, maintenance and management of solar powered electric systems. The stock of Wuhan Rixin was listed for trading on the New Third Board in February 2016. The Fund invested RMB15 million (equivalent to US\$2.20 million) in July 2009. As of 30 June 2021, 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 4.24% of the issued share capital of Wuhan Rixin.

On 23 August 2021, Wuhan Rixin announced that its unaudited net loss for the first half of 2021 was RMB18.15 million, while it recorded a net profit of RMB26.13 million for the same period last year. The loss was due mainly to an increase in raw material prices. Moreover, the revenue has yet to be recognised since the company's revenue chiefly comes from the business of engineering, procurement and construction (EPC) of power stations, however the power stations are still in the construction stage and have yet to be delivered to the end customers.

**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.

On 17 May 2021, the "recombinant anti-PD-L1 and TGF- $\beta$  bispecific antibody injection" (code: Y101D), independently researched and developed by YZY Biopharma, obtained permission for clinical trials from the National Medical Products Administration (NMPA), and the clinical research for locally advanced or metastatic tumors was then carried out. This is the fourth new bispecific antibody drug by YZY Biopharma to be approved by the NMPA for clinical research, following M802, M701 and Y150. The product was also approved by the U.S. Food and Drug Administration (FDA) for clinical trials on 23 January 2021.

## **PROSPECTS**

In the first half of 2021, following the continuing effective prevention and control of the novel coronavirus pandemic, and with various sectors of the economy and society growing steadily, China's economy maintained a generally stable trend toward recovery. According to data released by the National Bureau of Statistics, China's Gross Domestic Product (GDP) in the first half of 2021 was RMB53.2 trillion, up 12.7% year-on-year, at comparable prices, with an average increase of 5.3% over two years. In terms of quarters, the first quarter increased by 18.3% year-on-year and the two-year average growth was 5.0%, while the second quarter increased by 7.9% year-on-year and the two-year average growth was 5.5%. In terms of industries, the added value of the primary industry in the first half of the year was RMB2.8 trillion, with a year-on-year increase of 7.8%; the added value of the secondary industry was RMB20.7 trillion, with a year-on-year increase of 14.8%; and the added value of the tertiary industry was RMB29.7 trillion, with a year-on-year increase of 11.8%. Furthermore, the Consumer Price Index of China for the first half of the year rose by 0.5% year-on-year, representing a relatively low level of inflation.

Looking forward to the second half of the year, as global vaccinations continue to advance, the pandemic is still trending in a favourable direction, and the independent economic recovery of the world is expected to continue. In terms of China's economy, which emerged from the haze of the pandemic early on, although the momentum of the economic recovery continued in the second quarter of the year, the market expects the economy to face certain downward pressures in the second half of the year, and the GDP growth rate in the second half of the year may also show a weak trend. The pressure to restrain China's economic growth in the second half of the year may come from pent-up demand in service industry, a slowdown in export growth, the regulatory control of real estate financing, restrained investment due to a rapid rise in raw material prices, the "carbon neutral" environmental protection initiative and the risk of credit defaults during the normalisation process of stimulus policies. Considering this possible risk of a slowdown in economic growth, the Central Government is expected to take appropriate measures in order to make sure that the economy continues to grow steadily. Given that China's economic growth is gradually returning to normal in 2021, 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 will resurge 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 2021, 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
Unibank Media (1st round capital injection)	6,585,600	129,000	1.959%
Wuhan Rixin	2,195,500	43,900	2.000%
Unibank Media (2nd round capital injection)	4,394,100	87,500	1.991%
China Media Management	676,100	4,500	0.666%
Geesun Intelligent	2,929,500	58,000	1.980%
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%
Chengtian	4,733,300	74,100	1.566%
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%

Name of projects	Original investment amount of the Fund US\$*	Original amounts actually paid by the Participants US\$*	Relative proportion
Iflytek Venture Capital (1st installment capital contribution)	5,193,900	9,270	0.178%
Iflytek Venture Capital (2nd installment capital contribution)	2,008,800	3,480	0.178%
Qinghai Lake Tourism (1st installment capital contribution)	7,502,800	9,590	0.128%
Qinghai Lake Tourism (2nd installment capital contribution)	22,927,700	28,800	0.126%
Iflytek Venture Capital (3rd installment capital contribution)	2,146,800	3,480	0.178%
The Jiangmen Ventures Fund	4,741,800	20,470	0.432%
Cambricon	5,940,100	90,480	1.523%
Pony AI (1st round capital injection)	8,000,000	35,680	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%
iFlytek Healthcare	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)	3,669,220	18,510	0.504%

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

In addition, as of 30 June 2021, 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	Mr. ZHANG	Mr. WANG	Mr. TSE	Mr. LAW
	Xing	Rizhong	Xiaoding	Yue Kit	Hung Kuen, Janson
	(Note 1) US\$	(Note 2) US\$	(Note 3) US\$	(Note 4) US\$	(Note 5) US\$
Unibank Media (1st round capital injection)	12,900	N/A	20,640	1,290	N/A
Wuhan Rixin	4,390	N/A	3,510	1,290	N/A
Unibank Media (2nd round capital injection)	8,750	N/A	6,950	1,290	N/A
China Media Management	300	N/A	1,160	30	N/A
Geesun Intelligent	1,590	N/A	5,780	1,290	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
Chengtian	1,290	N/A	6,440	1,290	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	1,290
Jinlanmei Travel (1st installment capital contribution)	N/A	N/A	3,220	640	640
Iflytek	N/A	N/A	12,890	1,290	1,290
Iflytek Venture Capital (1st installment capital contribution)	N/A	N/A	6,440	1,290	1,290
Iflytek Venture Capital (2nd installment capital contribution)	N/A	N/A	970	190	190

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. LAW Hung Kuen, Janson (Note 5) US\$
Qinghai Lake Tourism (1st installment capital contribution)	N/A	640	3,200	320	320
Qinghai Lake Tourism (2nd installment capital contribution)	N/A	1,920	9,600	960	960
Iflytek Venture Capital (3rd installment capital contribution)	N/A	N/A	970	190	190
The Jiangmen Ventures Fund Cambricon	N/A	1,280	3,840	1,280	1,280
Pony AI (1st round capital injection)	N/A	6,370	22,940	1,270	1,270
Iflytek Venture Capital (4th installment capital contribution)	N/A	1,270	6,370	1,270	2,550
Pony AI (2nd round capital injection)	N/A	N/A	970	190	190
Arashi Vision	N/A	1,280	1,280	1,280	1,280
iFlytek Healthcare	N/A	1,280	3,830	1,280	2,550
Iflytek Venture Capital (5th installment capital contribution)	N/A	6,420	19,260	1,280	5,140
China UnionPay	N/A	N/A	320	60	60
Iflytek Venture Capital (6th installment capital contribution)	N/A	3,870	12,900	1,290	3,870
CASREV Fund III (1st installment capital contribution)	N/A	N/A	640	130	130
CASREV Fund III (2nd installment capital contribution)	N/A	320	320	320	320
Huiyou Xingyao Fund (1st installment capital contribution)	N/A	320	320	320	320
Flexiv	N/A	1,750	880	880	880
Huashun Xin'an (1st installment capital contribution)	N/A	1,290	20,460	1,290	6,450
	N/A	1,030	1,030	1,030	1,030

Note 1: The Chairman of the Fund (Appointed on 26 April 2021)

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 (Resigned on 23 August 2021)

### Mr. WANG Xiaoding

*Director & General Manager*

**China Merchants China Investment Management Limited**

Hong Kong, 30 August 2021



## INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

A dividend payment of US\$12,186,641 (2019: US\$10,663,311), being a final dividend of US\$0.07 per share (2019: US\$0.07 per share) and a special dividend of US\$0.01 per share (2019: Nil), totaling US\$0.08 (2019: US\$0.07) per share, for the year ended 31 December 2020 was approved by the shareholders on 28 May 2021 and was subsequently paid by the Company in cash on 27 July 2021.

## PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2021, 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 2021, 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%
Mr. CHU Lap Lik, Victor <i>(alternate to Ms. KAN Ka Yee, Elizabeth)</i>	3,030,024	Interest of controlled corporation	1.99%

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 2021, 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 2021.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, 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 2)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Steam Navigation Company Limited (Note 3)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Holdings (Hong Kong) Company Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Finance Holdings Company Limited (Note 2)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Financial Services Limited (Note 2)	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 1: China Merchants Holdings (Hong Kong) Company Limited is deemed to have corporate interests in the shares by virtue of its controlling shareholding (i.e. 99.34%) in the company whose name is set out immediately under it.

Note 2: China Merchants Group Limited, China Merchants Finance Holdings Company Limited and China Merchants Financial Services Limited are deemed to have corporate interests in the shares by virtue of its entire shareholding in the company whose name is set out immediately under it.

Note 3: China Merchants Steam Navigation Company Limited is deemed to have corporate interests in the shares by virtue of its controlling shareholding (i.e. 89.45%) 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.

## 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.

## UPDATE ON DIRECTORS' BIOGRAPHICAL DETAILS

Mr. TSANG Wah Kwong, Independent Non-executive Director of the Company, was appointed as an Independent Non-executive Director of Shirble Department Store Holdings (China) Limited, a company listed on the Hong Kong Stock Exchange, on 30 March 2021.

Mr. CHU Lap Lik, Victor, Alternate Director of the Company, was appointed as a Director of Nomura Holdings, Inc., a company listed on the Tokyo Stock Exchange, on 21 June 2021.

Save as disclosed above, there is no other information that required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

By Order of the Board  
**Mr. ZHOU Xing**  
*Chairman*

Hong Kong, 30 August 2021