



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 2023

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Executive Directors

* *Non-executive Directors*

** *Independent Non-executive Directors*

INVESTMENT COMMITTEE

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Mr. LEUNG Chong Shun

INVESTMENT MANAGER

China Merchants China Investment Management Limited

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

AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditor
 35/F, One Pacific Place,
 88 Queensway,
 Hong Kong

LEGAL ADVISERS

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

PRINCIPAL BANKERS

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

SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

Stock Code: 0133.HK

Website: www.cmcdi.com.hk

RESULTS

The Board of Directors of China Merchants China Direct Investments Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2023	2022
		<i>(unaudited)</i>	<i>(unaudited)</i>
	NOTES	US\$	US\$
Net gain (loss) on financial assets at fair value through profit or loss	4	80,411,139	(85,640,580)
Investment income	5	1,072,112	1,646,785
Other gains		1,070,507	339,484
Administrative expenses		(5,567,698)	(6,549,964)
Profit (loss) before taxation	7	76,986,060	(90,204,275)
Taxation	8	(13,303,100)	19,212,692
Profit (loss) for the period		63,682,960	(70,991,583)
Other comprehensive expense for the period			
Item that will not be reclassified subsequently to profit or loss			
Exchange difference arising on translation to presentation currency		(20,523,309)	(33,800,738)
Total comprehensive income (expense) for the period		43,159,651	(104,792,321)
Profit (loss) for the period attributable to owners of the Company		63,682,960	(70,991,583)
Total comprehensive income (expense) for the period attributable to owners of the Company		43,159,651	(104,792,321)
Basic earnings (loss) per share	9	0.418	(0.466)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 (unaudited) US\$	31 December 2022 (audited) US\$
	<i>NOTES</i>		
Non-current asset			
Financial assets at fair value through profit or loss	3	679,324,548	656,253,381
Current assets			
Financial assets at fair value through profit or loss	3	65,194,362	33,817,225
Other receivables and prepayments	10	263,708	59,450
Cash and cash equivalents		19,211,903	25,489,216
		84,669,973	59,365,891
Current liabilities			
Other payables	11	22,067,378	24,695,000
Dividend payable	12	10,663,311	—
Taxation payable		451,067	1,725,491
		33,181,756	26,420,491
Net current assets		51,488,217	32,945,400
Total assets less current liabilities		730,812,765	689,198,781
Non-current liabilities			
Financial liabilities designated at fair value through profit or loss	16	1,181,580	872,416
Deferred taxation	13	125,564,392	116,755,912
		126,745,972	117,628,328
Net assets		604,066,793	571,570,453
Capital and reserves			
Share capital	14	139,348,785	139,348,785
Reserves		48,314,673	68,837,982
Retained profits		416,403,335	363,383,686
Equity attributable to owners of the Company		604,066,793	571,570,453
Net asset value per share	15	3.965	3.752

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 2023 (audited)	<u>139,348,785</u>	<u>55,202,478</u>	<u>13,635,504</u>	<u>363,383,686</u>	<u>571,570,453</u>
Profit for the period	—	—	—	63,682,960	63,682,960
Exchange difference arising on translation to presentation currency	—	<u>(20,523,309)</u>	—	—	<u>(20,523,309)</u>
Total comprehensive (expense) income for the period	—	<u>(20,523,309)</u>	—	63,682,960	43,159,651
2022 final dividend declared	—	—	—	<u>(10,663,311)</u>	<u>(10,663,311)</u>
Balance at 30 June 2023 (unaudited)	<u>139,348,785</u>	<u>34,679,169</u>	<u>13,635,504</u>	<u>416,403,335</u>	<u>604,066,793</u>
Balance at 1 January 2022 (audited)	139,348,785	114,832,447	13,201,792	538,314,439	805,697,463
Loss for the period	—	—	—	(70,991,583)	(70,991,583)
Exchange difference arising on translation to presentation currency	—	<u>(33,800,738)</u>	—	—	<u>(33,800,738)</u>
Total comprehensive expense for the period	—	<u>(33,800,738)</u>	—	(70,991,583)	(104,792,321)
2021 final and special dividends declared	—	—	—	<u>(21,326,622)</u>	<u>(21,326,622)</u>
Balance at 30 June 2022 (unaudited)	<u>139,348,785</u>	<u>81,031,709</u>	<u>13,201,792</u>	<u>445,996,234</u>	<u>679,578,520</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	US\$	US\$
OPERATING ACTIVITIES		
Profit (loss) before taxation	76,986,060	(90,204,275)
Adjustments for:		
Interest income	(254,818)	(133,758)
Dividend income from equity investments	(817,294)	(1,513,027)
Net (gain) loss on financial assets at fair value through profit or loss	(80,411,139)	85,640,580
Operating cash flows before movements in working capital	(4,497,191)	(6,210,480)
Proceeds from disposal of financial assets at fair value through profit or loss	828,954	12,969,685
Return of capital from financial assets at fair value through profit or loss	354,467	430,088
Purchases of financial assets at fair value through profit or loss	—	(972,326)
Decrease in other receivables and prepayments	10,531	12,668,185
Decrease in other payables	(2,509,712)	(10,448,006)
Decrease in financial liabilities designated at fair value through profit or loss	(19,038)	(125,299)
Cash (used in) generated from operations	(5,831,989)	8,311,847
Interest received	266,040	147,458
Dividends received	817,294	2,030,560
Income taxes paid	(1,249,112)	(1,835,722)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(5,997,767)	8,654,143
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,997,767)	8,654,143
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY	25,489,216	36,641,135
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(279,546)	(1,782,626)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE	19,211,903	43,512,652

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2022 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 2022 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 2023 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022.

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2023 and relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 8	Definition of accounting estimates
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior interim periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Financial risk factors

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

The unaudited condensed consolidated financial statements do not include all financial risk management information and disclosures required for the annual consolidated financial statements, and should be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2022.

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

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

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

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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

Financial assets	30 June	31 December	Fair value hierarchy	Valuation techniques	Significant unobservable input(s)	30 June	31 December	Relationship of unobservable inputs to fair value	30 June	31 December
	2023 (unaudited) US\$	2022 (audited) US\$				2023 (unaudited) Range	2022 (audited) Range		2023 (unaudited) US\$	2022 (audited) US\$
Financial assets at fair value through profit or loss ("FVTPL")										
Listed equity securities (Note 1)	315,997,248	329,113,881	Level 1	Quoted bid prices in active market	N/A	N/A	N/A	N/A	N/A	N/A
Equity securities (including equity securities traded on the National Equities Exchange and Quotations ("New Third Board") and unlisted preferred equity and participating preferred unit (Note 1))	319,765,225	276,439,769	Level 3	Market comparable companies	-Earnings multiples -Revenue multiples -Book value multiples -R&D expense multiples	19.9x - 24.6x 1.5x - 101.6x 0.7x - 8.1x 32.9x	19.1x - 24.7x 1.6x - 10.0x 0.7x - 6.8x N/A	The higher the multiples, the higher the fair value	+32,652,000/ -32,652,000	+31,075,000/ -31,075,000
					-Discount rate for lack of marketability and specific risk	41.1% - 52.9%	43.2% - 54.5%	The higher the discount rate, the lower the fair value	-27,236,000/ +27,236,000	-26,965,000/ +26,965,000
Unlisted debt investment (Notes 1 and 4)	5,183,223	5,285,300	Level 3	Discounted cash flow	-Discount rate	1.9%	2.3%	The higher the discount rate, the lower the fair value	-10,000/ +10,000	-18,000/ +18,000
Unlisted equity (Note 1)	95,981,859	71,231,666	Level 3	Net asset value	-Net asset value of the underlying investments	N/A	N/A	The higher the net asset value, the higher the fair value	N/A	N/A
Unlisted equity securities and unlisted preferred equity (Note 1)	7,591,355	8,000,000	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	+759,136/ -759,136	+800,000/ -800,000
Closing balance	<u>744,518,910</u>	<u>690,070,606</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 2023.

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

Reconciliation of Level 3 fair value measurements of financial assets:

	Financial assets at FVTPL US\$
Balance at 1 January 2023 (audited)	360,956,725
Gains recognised in profit or loss	81,565,305
Exchange difference arising on translation to presentation currency	(13,645,901)
Return of capital	(354,467)
	428,521,662
Balance at 30 June 2023 (unaudited)	428,521,662
Balance at 1 January 2022 (audited)	481,167,090
Losses recognised in profit or loss	(17,312,363)
Exchange difference arising on translation to presentation currency	(19,214,221)
Purchases	972,326
Disposals	(12,969,685)
Return of capital	(430,088)
Balance at 30 June 2022 (unaudited)	432,213,059

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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

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

Of the total gains for the period included in profit or loss, gain of US\$81,565,305 (six months ended 30 June 2022: loss of US\$25,122,304) 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.

Reconciliation of Level 3 fair value measurements of financial liabilities:

	Financial liabilities designated at FVTPL US\$
Balance at 1 January 2023 (audited)	801,240
Change in fair value	252,124
	1,053,364
Balance at 30 June 2023 (unaudited)	1,053,364
Balance at 1 January 2022 (audited)	1,185,610
Issuances	11,496
Redemptions	(82,615)
Change in fair value	46,106
	1,160,597
Balance at 30 June 2022 (unaudited)	1,160,597

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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

Fair value measurements and valuation processes

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

4. NET GAIN (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 2023. The amounts of realised gain (loss) represent the difference between the fair value at the beginning of the period or purchase date in the period and the disposal date of financial instruments while the amounts of unrealised gain (loss) represent the change of fair value during the period of financial instruments held by the Group as at the period end:

	Six months ended 30 June	
	2023 <i>(unaudited)</i> US\$	2022 <i>(unaudited)</i> US\$
Net gain (loss) on financial assets at FVTPL		
Listed investments		
Realised	44,889	—
Unrealised	(1,973,443)	(68,596,793)
Unlisted investments		
Realised	—	7,947,299
Unrealised	82,339,693	(24,991,086)
Total	80,411,139	(85,640,580)

5. INVESTMENT INCOME

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

	Six months ended 30 June	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>US\$</i>	<i>US\$</i>
Interest income on bank deposits	254,818	133,758
Dividend income on financial assets at FVTPL	817,294	1,513,027
Total	<u>1,072,112</u>	<u>1,646,785</u>

6. SEGMENTAL INFORMATION

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

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

The Group also invested in manufacturing, energy and resources and medical activities (2022: manufacturing, energy and resources and medical activities), and none of these segments met the quantitative thresholds for the reportable segments in both current and prior periods. Accordingly, these were grouped in "Others" during the current period.

Information regarding the above segments is reported below.

6. SEGMENTAL INFORMATION (CONTINUED)

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

For the six months ended 30 June 2023

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

6. SEGMENTAL INFORMATION (CONTINUED)

For the six months ended 30 June 2022

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

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

6. SEGMENTAL INFORMATION (CONTINUED)

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

	30 June 2023 (unaudited) US\$	31 December 2022 (audited) US\$
Segment assets		
Financial services	412,858,699	454,236,174
Culture, media and consumption	83,584,368	53,659,356
Information technology	229,839,106	162,887,995
Total assets for reportable segments	726,282,173	670,783,525
Others	18,236,737	19,287,081
Unallocated	19,475,611	25,548,666
Consolidated assets	763,994,521	715,619,272
Segment liabilities		
Financial services	41,896	38,955
Culture, media and consumption	352,660	175,413
Information technology	659,348	512,963
Total liabilities for reportable segments	1,053,904	727,331
Others	127,676	145,085
Unallocated	158,746,148	143,176,403
Consolidated liabilities	159,927,728	144,048,819

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

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	US\$	US\$
Profit (loss) before taxation has been arrived at after charging:		
Investment Manager's management fee (note 17(a))	5,153,690	6,228,528
Net foreign exchange loss	164,554	220,148

8. TAXATION

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
	US\$	US\$
The tax (charge) credit for the period comprises:		
Current tax:		
PRC Enterprise Income Tax	(167)	(520)
Withholding tax for distributed earnings	—	(49,753)
Deferred taxation (note 13)		
Current period	(13,302,933)	19,262,965
Total	(13,303,100)	19,212,692

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:

	Six months ended 30 June	
	2023	2022
	<i>(unaudited)</i>	<i>(unaudited)</i>
Profit (loss) for the purpose of basic earnings (loss) per share (US\$)	63,682,960	(70,991,583)
Number of ordinary shares for the purpose of basic earnings (loss) per share	152,333,013	152,333,013
Basic earnings (loss) per share (US\$)	0.418	(0.466)

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

	30 June	31 December
	2023	2022
	<i>(unaudited)</i>	<i>(audited)</i>
	US\$	US\$
Interest receivable	27,295	38,517
Other receivables and prepayments	236,413	20,933
Total	263,708	59,450

11. OTHER PAYABLES

	30 June	31 December
	2023	2022
	<i>(unaudited)</i>	<i>(audited)</i>
	US\$	US\$
Management fee payable	2,712,518	4,925,719
Other tax payable	18,960,388	18,960,388
Other payables	394,472	808,893
Total	22,067,378	24,695,000

12. DIVIDEND PAYABLE

A dividend payment of US\$10,663,311 (2021: US\$21,326,622), being a final dividend of US\$0.07 per share (2021: a final dividend of US\$0.07 per share and a special dividend of US\$0.07 per share, totaling US\$0.14 per share), for the year ended 31 December 2022 was approved by the shareholders on 29 May 2023 and was subsequently paid by the Company in cash on 27 July 2023.

13. DEFERRED TAXATION

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

	Unrealised capital gains for investments (Note) US\$	Undistributed earnings of PRC subsidiaries US\$	Total US\$
Balance at 1 January 2022 (audited)	147,367,214	27,660,527	175,027,741
Credited to profit or loss for the period	(16,133,935)	(3,129,030)	(19,262,965)
Exchange differences	(6,518,603)	(1,314,134)	(7,832,737)
Balance at 30 June 2022 (unaudited)	124,714,676	23,217,363	147,932,039
Credited to profit or loss for the period	(22,721,484)	(2,555,605)	(25,277,089)
Exchange differences	(4,841,339)	(1,057,699)	(5,899,038)
Balance at 31 December 2022 (audited)	97,151,853	19,604,059	116,755,912
Charged to profit or loss for the period	13,100,484	202,449	13,302,933
Exchange differences	(3,827,734)	(666,719)	(4,494,453)
Balance at 30 June 2023 (unaudited)	106,424,603	19,139,789	125,564,392

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

At the end of the reporting period, the Group has unused tax losses of US\$19.78 million (31 December 2022: US\$16.93 million) available for offsetting against future profits. Included in unrecognised tax losses are losses of US\$10.07 million (31 December 2022: US\$10.42 million) that will expire in 2027. Other 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 2022: Nil).

14. SHARE CAPITAL OF THE COMPANY

	Number of shares	US\$
Issued and fully paid:		
At 31 December 2022, 1 January and 30 June 2023		
– Ordinary shares with no par value	152,333,013	139,348,785

15. NET ASSET VALUE PER SHARE

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

	30 June 2023 (unaudited)	31 December 2022 (audited)
Net asset value (US\$)	604,066,793	571,570,453
Number of ordinary shares in issue	152,333,013	152,333,013
Net asset value per share (US\$)	3.965	3.752

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

The financial liabilities designated at FVTPL as at 30 June 2023 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 2023 and 31 December 2022, 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. 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 2023, the Group has incurred the following related party transactions:

- (a) Management fees totaling US\$5,153,690 (six months ended 30 June 2022: US\$6,228,528) 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 2023 was US\$2,738,912 (31 December 2022: US\$4,959,510). Amount due to the Investment Manager is unsecured, interest free and is repayable on demand.
- (c) Pursuant to the Sub-participation Agreements, the financial liabilities of the Group with Mr. ZHANG Rizhong, Mr. WANG Xiaoding and Mr. TSE Yue Kit, who are Directors of both the Company and the Investment Manager, as at 30 June 2023, were US\$39,003, US\$262,181 and US\$32,519, respectively (31 December 2022: US\$29,890, US\$177,646 and US\$24,986, respectively). The financial liability of the Group with Mr. ZHOU Xing, a Director of the Company, was US\$39,025 (31 December 2022: US\$28,455). Moreover, the financial liability of the Group with Mr. KANG Dong, a Director of the Investment Manager, was US\$3,164 (31 December 2022: US\$2,842).

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

18. COMPENSATION TO KEY MANAGEMENT PERSONNEL

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

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 20, which comprise the condensed consolidated statement of financial position as of 30 June 2023 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
28 August 2023

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\$63.68 million for the six months ended 30 June 2023, compared to a loss attributable to equity shareholders of US\$70.99 million for the same period last year. The reversal was mainly due to a significant 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 2023, the net assets of the Fund (net of the final dividend of US\$10.66 million for 2022, paid in July 2023) were US\$604.07 million (31 December 2022: US\$571.57 million), with a net asset value per share of US\$3.965 (31 December 2022: US\$3.752).

The net gain on the Financial Assets for the period was US\$80.41 million, compared to a net loss of US\$85.64 million for the same period last year. Looking deeper, the Fund's listed and unlisted investments recorded net loss of US\$1.93 million and net gain of US\$82.34 million, respectively.

Total investment income for the period decreased by 35.15% to US\$1.07 million (six months ended 30 June 2022: US\$1.65 million) as compared to the same period last year, due mainly to a decrease in dividend income from investments.

ACQUISITIONS AND DISPOSALS OF INVESTMENTS

In the first half of 2023, the Fund continued to seek out and rigorously evaluate investment opportunities. And subsequent to the balance sheet date, the Fund has signed agreements to invest in an information technology project.

On 7 July 2023, the Fund entered into an investment agreement and other relevant agreements in relation to Beijing Hanwei Innovation Technology Co., Ltd. ("Hanwei"), pursuant to which the Fund agreed to contribute capital of RMB50 million to Hanwei in order to subscribe to the preferred shares issued by Hanwei and to obtain a 6.42% equity interest. The Fund paid the investment amount of RMB50 million (equivalent to US\$7.02 million) to Hanwei on 27 July 2023 to complete the transaction. Hanwei is a fabless IC (Integrated Circuit) design company focusing on ultra-wideband (UWB) technology, and its products developed primarily for consumer goods such as automotives, smartphones and wearables.

In addition, the Fund completed a full exit from a listed investment in the period.

During the period of September 2022 to January 2023, the Fund sold its entire holding of 67.24 million H shares of China Reinsurance (Group) Corporation ("China Re") for net proceeds of HK\$34.77 million (equivalent to US\$4.46 million), and has fully exited from the project. The pre-tax internal rate of return to the Fund from China Re was negative 15.47%.

LIQUIDITY, FINANCIAL RESOURCES, GEARING AND COMMITMENTS

The Fund's cash and cash equivalents decreased by 24.64%, from US\$25.49 million at the end of last year to US\$19.21 million (representing 2.51% of the Fund's total assets) as of 30 June 2023, due mainly to the payment of administrative expenses.

As of 30 June 2023, the Fund had no outstanding bank loans (31 December 2022: Nil).

As of 30 June 2023, the Fund had no commitments (31 December 2022: Nil).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

Most of the Fund's investments are located in China where the official currency is the Renminbi ("**RMB**"). The conversion rate of RMB against the US dollar recorded a decrease of 3.52% in the first half of 2023, which had a negative impact on the Fund since it holds a considerable amount of assets denominated in RMB. The Fund currently does not have any foreign currency hedging policy. However, the Fund continues to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

EMPLOYEES

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

THE PORTFOLIO

As of 30 June 2023, the Fund's total investments amounted to US\$744.52 million. The sector distribution of investments was US\$412.86 million in financial services (representing 54.05% of the Fund's total assets), US\$83.58 million in culture, media and consumption (10.94%), US\$229.84 million in information technology (30.08%), and US\$18.24 million in other ventures (including manufacturing, energy and resources, and medical, etc.) (2.39%). In addition, cash and cash equivalents were US\$19.21 million, representing 2.51% of the Fund's total assets as of 30 June 2023.

REVIEW OF INVESTMENTS

The following table shows the major investment projects held by the Fund as at 30 June 2023:

Name of projects	Location of headquarters	Main business	Listed (Stock Exchange)/ unlisted	Carrying value <i>US\$ million</i>	Percentage of total assets %	Percentage of net assets %
Financial Services:						
*1. China Merchants Bank Co., Ltd.	Shenzhen, Guangdong	Banking	Shanghai Stock Exchange	251	32.83	41.52
*2. China Credit Trust Co., Ltd.	Beijing	Trust management	Unlisted	143	18.77	23.74
*3. JIC Leasing Co., Ltd.	Beijing	Finance leasing	Unlisted	17	2.18	2.75
4. China Media (Tianjin) Investment Management Co., Ltd.	Tianjin	Fund management	Unlisted	2	0.27	0.34
Sub-total:				413	54.05	68.35
Culture, Media & Consumption:						
*5. China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership)	Shanghai	Media investment	Unlisted	53	6.91	8.73
*6. NBA China, L.P.	Beijing	Sports marketing	Unlisted	24	3.14	3.98
7. Oriental Pearl Media Co., Ltd.	Shanghai	Multimedia	Shanghai Stock Exchange	1	0.14	0.18
8. Yunnan Jinlanmei International Travel Investment Development Co., Ltd.	Xishuangbanna, Yunnan	Travel	Unlisted	1	0.07	0.09
9. Qinghai Provincial Qinghai Lake Tourism Group Co., Ltd.	Xining, Qinghai	Travel	Unlisted	5	0.68	0.86
Sub-total:				84	10.94	13.84

Name of projects	Location of headquarters	Main business	Listed (Stock Exchange)/unlisted	Carrying value US\$ million	Percentage of total assets %	Percentage of net assets %
Information Technology:						
10. Xi'an Jinpower Electrical Co., Ltd.	Xi'an, Shaanxi	Power grid monitoring system	New Third Board ^{Note}	1	0.07	0.09
*11. Anhui Iflytek Venture Capital LLP	Hefei, Anhui	Information technology investment	Unlisted	17	2.23	2.81
*12. Iflytek Co., Ltd.	Hefei, Anhui	Intelligent speech technology	Shenzhen Stock Exchange	64	8.40	10.61
13. Ningbo Meishan Free Trade Port Area Jiangmen Venture Capital LLP	Beijing	Information technology investment	Unlisted	8	1.09	1.38
*14. Pony AI Inc.	Fremont, California	Autonomous driving	Unlisted	17	2.21	2.80
15. Arashi Vision Inc.	Shenzhen, Guangdong	360-degree video products	Unlisted	8	1.02	1.29
16. Xunfei Healthcare Technology Co., Ltd.	Hefei, Anhui	Artificial intelligence medical	Unlisted	9	1.18	1.50
*17. China UnionPay Co., Ltd.	Shanghai	Financial payment	Unlisted	77	10.16	12.85
*18. CASREV FUND III-RMB L.P.	Beijing	Technology & medical investment	Unlisted	11	1.51	1.91
19. Flexiv Ltd.	Shanghai	Adaptive robots	Unlisted	5	0.60	0.76
20. Beijing Huashun Xin'an Technology Co., Ltd.	Beijing	Cyber security	Unlisted	2	0.28	0.36
21. Xinyi Information Technology Ltd.	Shanghai	System on a chip for Internet of Things	Unlisted	8	0.99	1.26
22. Rizhao Azuri Technologies Co., Ltd.	Rizhao, Shandong	Direct modulated lasers	Unlisted	3	0.34	0.43
Sub-total:				230	30.08	38.05
Others:						
(i) Manufacturing:						
23. Hwagain Group Co., Ltd.	Nanning, Guangxi	Printing paper & tissue paper	Unlisted	3	0.46	0.58
(ii) Energy & Resources:						
24. Wuhan Rixin Technology Co., Ltd.	Wuhan, Hubei	Solar energy	New Third Board ^{Note}	3	0.33	0.42
(iii) Medical:						
25. Nanning Huiyou Xingyao Equity Investment Fund L.P.	Nanning, Guangxi	Biopharmaceutical investment	Unlisted	4	0.57	0.72
26. Immvira Bioscience Inc.	Shenzhen, Guangdong	Biotech research & development	Unlisted	8	1.03	1.30
Sub-total:				18	2.39	3.02
Total:				745	97.46	123.26

*** Ten largest investments of the Fund as of 30 June 2023**

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 2023, 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 2023, the Fund received a cash dividend of RMB95.93 million from CMB for 2022.

On 26 August 2023, CMB announced that its unaudited net profit for the first half of 2023 was RMB75.8 billion, up 9.09% year-over-year.

On 14 February 2023, since approximately RMB100 billion out of RMB140.5 billion of CMB’s existing capital instruments will enter the exercisable redemption period in the next 2 to 3 years, and these capital instruments are relatively large in volume, and there is a need to maintain a stable capital adequacy ratio, the board of directors of CMB therefore passed a resolution on the issuance of capital bonds so that CMB can apply to the relevant regulatory authorities for a capital bond issuance quota, of an amount of RMB107 billion. This issuance amount had previously been authorised at the 2020 shareholders meeting. After obtaining approval from the relevant regulatory authorities for the issuance, CMB can, with reference to the bank’s actual operations as well as to the resolution’s requirements, issue such bonds to replenish its capital, securely and as needed.

On 27 June 2023, CMB’s capital plan targets for 2023-2027 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 2023, 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 2023, the Fund held a 6.94% equity interest in CCT, with a total investment cost of US\$50.49 million.

For the first half of 2023, CCT recorded an unaudited net profit of RMB637 million, down 0.67% year-over-year. During the period, the company recorded a significant decrease in income from handling fees and commissions, as well as interest income, compared to the same period last year. In addition, the loss due to credit impairment for the period decreased, while the sum of investment income and the gain on change in fair value saw an increase, compared to the same period last year. CCT is expected to adjust its provision policy to comply with new requirements imposed by the regulatory authorities, which include increasing the provision ratio for risky assets. This development may lead to an increase in the yearly provision amount, potentially having an adverse impact on the company’s earnings.

In 2023, in light of the various regulatory measures imposed on the trust industry by the regulatory authorities, along with the downturn in China's real estate market, CCT has sought to optimise its business mix. To this end, CCT's real estate trust business and the proportion of such business has fallen sharply. However, in contrast, the standardised trust business showed notable growth in 2022, and has continued to grow in 2023, but not by enough to fully compensate for the decline in revenue from the real estate trust business. CCT and its single largest shareholder, the PICC Group, further strengthened their cooperation and, as a result, the insurance trust business that they have jointly promoted is growing rapidly and has commenced operations in over ten cities across the country. The two parties successfully signed an insurance trust on 20 May 2022, for the first time, with a value of over RMB100 million. And a more recent trust signed on 12 January 2023 set a new record high.

On 18 April 2023, in the appraisal and selection of the 2022 "Gold Medal List of Chinese Financial Institutions • Golden Dragon Awards," CCT won the award for "Fastest Growing Trust Company of the Year," marking the eighth consecutive year that CCT has won important award from this appraisal and selection. In addition, on 16 June, at the Asset Management and Wealth Management Industry Development Forum 2023 and at The Third Session of Golden Honour Awards Ceremony, CCT's products were recognised with awards for Excellent Asset Service Trust Product and Excellent Innovative Trust Product, marking the second consecutive year that CCT has been recognised at the Golden Honour Awards.

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 2023.

In the first half of 2023, JIC Leasing adhered to a prudent and steady business management style, focused on both enhancing the quality of lease projects implemented and seeking high-quality, sustainable development. For the first half of 2023, JIC Leasing recorded an unaudited net profit of RMB174 million, down 32.13% year-over-year.

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

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

China Media Creative Industry Private Equity (Shanghai) Centre (Limited Partnership) (“China Media Investment”) was established in Shanghai, and is the first fund in the culture and media sector approved for registration by the National Development and Reform Commission. Its total capitalisation is RMB2 billion. China Media Investment has an investment horizon of 10 years (Note: With the consent of all limited partners, the investment horizon has been extended twice for a total of four years in order to meet the exit requirements of the projects held). The scope of investment for China Media Investment includes major projects in broadcasting and media publishing, animation and creative media. China Media Management, in which the Fund has an interest, is the general partner and investment manager of China Media Investment. In April 2010, the Fund agreed to make a capital investment of RMB200 million by installment in China Media Investment, representing 10% of the total capitalisation of China Media Investment. Since June 2010, the Fund had made successive capital injections into China Media Investment for an aggregate amount of RMB158.66 million (equivalent to US\$24.76 million), representing 79.33% of the total investment of RMB200 million committed by the Fund. China Media Investment is currently in the late stages of its investment exit period, and the Fund has received confirmation that no further capital contribution shall be required. In addition, through the end of June 2023, the Fund actually received a total cash distributions of RMB237 million from China Media Investment, representing approximately 149% of the cumulative actual amount invested by the Fund.

Through the end of June 2023, China Media Investment has completed a full exit from four projects, while continuing to hold three projects, namely Star China, Oriental DreamWorks and Weiyang. Of these, the listing vehicle of Star China, namely Star CM Holdings Limited, was listed on the Hong Kong Stock Exchange on 29 December 2022.

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 2023, the Fund held a 1% partnership interest in NBA China. The Fund received a cash distribution from NBA China of US\$2.05 million in the first quarter of 2023.

On 21 February 2023, NBA China and Ant Group jointly announced that both parties will enter into a comprehensive strategic partnership, making Alipay a strategic partner of NBA China for digital life. It marks the first time that fans in China have access to NBA video content on Alipay. The two parties will work together to create customised NBA experiences for NBA fans and the vast number of users on Ant Group’s digital platforms by developing NBA video content and program broadcasting, joint membership and mini-program, joint marketing programs through Ant Group’s privacy computing services, digital collectibles, as well as corporate social responsibility initiatives to engage both fans and entire communities.

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 2023, 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 July 2023, the Fund received a cash dividend of RMB0.13 million from Oriental Pearl for 2022.

On 15 July 2023, Oriental Pearl pre-announced that its unaudited net profit for the first half of 2023 would be in a range of RMB475 million to RMB545 million, up 58.88% to 82.30% year-over-year. The increase in profit was mainly due to low bases for comparison because of the impact of market conditions in the same period last year, along with the recovery of the company’s cultural and tourism business in the first half of 2023 for a better external business environment.

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

In the first half of 2023, the company continued to move forward with the construction of a tourism pier. Meanwhile, the tourism industry in Xishuangbanna has continued to be affected by the coronavirus pandemic over the past three years, which has had an adverse impact on the company’s operations. Although pandemic control measures have now been relaxed, the company’s business is still in the process of a slow recovery. The company continues to make adjustments to its operational strategy, while also actively seeking external strategic investors as a source of financial support.

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

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

In the first half of 2023, the number of tourists visiting the scenic spots of Qinghai Lake has gradually increased, but has yet to return to the pre-pandemic level. At present, the liquidity of Qinghai Lake Tourism remains relatively tight, and efforts are being made to improve its financial situation by actively reducing costs and expenses. At the same time, discussions are underway with certain state-owned enterprises and government platform companies regarding the possibility of a full acquisition of Qinghai Lake Tourism shares. The Investment Manager is closely monitoring these developments.

Xi’an Jinpower Electrical Co., Ltd. (“Jinpower Electrical”) was established in Xi’an, Shaanxi in 2001 and is a high technology enterprise principally engaged in the research and development, and production, of intelligent online monitoring systems for transmission lines and substation equipment for the power grid. The stock of Jinpower Electrical was listed for trading on the New Third Board in January 2016. The Fund invested RMB20 million (equivalent to US\$3.03 million) in January 2011 and held 2.89 million shares in Jinpower Electrical as of 30 June 2023, accounting for 4.825% of the issued share capital of Jinpower Electrical.

On 18 August 2023, Jinpower Electrical announced that its unaudited net loss for the first half of 2023 was RMB5.76 million, compared to a net loss of RMB5.57 million for the same period last year.

In recent years, there has been a decline in demand for traditional wire monitoring devices in the field of online monitoring for power grids. There is now a higher demand for cost-effective devices for online monitoring of the icing of poles and towers, imaging, micro-meteorology and other applications. As a result, a large number of low-priced equipment suppliers have emerged, intensifying market competition and applying pressure to profit margins of products. Moreover, the company operates in a highly concentrated market with declining demand in its core market, which poses a risk of decreasing market share.

Anhui Iflytek Venture Capital LLP (“Iflytek Venture Capital”) was established in Hefei, Anhui in December 2015, with an investment horizon of 7 to 9 years and with a fund size of RMB602 million. Its major investment targets are industries related to the Internet and applications of artificial intelligence (AI) in China, primarily to areas including education, healthcare, tourism, motor vehicles, Internet of Things (IoT), smart hardware, information security, e-commerce, interactive entertainment, smart toys, robotics and Internet advertising. The general partner and investment manager of Iflytek Venture Capital is Wuhu Iflytek Investment Management LLP, which is responsible for defining and executing the investment strategy for Iflytek Venture Capital, as well as for managing their operations. The Fund has committed to subscribe to an aggregate amount of RMB90 million by installment, for a 14.95% interest in Iflytek Venture Capital. Since December 2016, the Fund had made successive capital contributions to Iflytek Venture Capital for an aggregate amount of RMB90 million (equivalent to US\$13.28 million), representing 100% of the subscription amount committed by the Fund. In addition, through the end of June 2023, the Fund received cash distributions from Iflytek Venture Capital in a cumulative amount of RMB46.96 million.

Through the end of June 2023, Iflytek Venture Capital has made investments in twenty-seven projects. Currently, Iflytek Venture Capital has entered into the investment exit period. Of these projects, six projects have been fully exited and four projects (including Xunfei Healthcare) have been partially exited.

Iflytek Co., Ltd. (“Iflytek”) was established in 1999 and is headquartered in Hefei, Anhui. It was listed on the SME Board of the Shenzhen Stock Exchange in May 2008. It is a national key software enterprise dedicated to the research of intelligent speech, language technologies, and AI technologies; the development of software and chip products; the provision of speech information services; and the integration of e-government systems. During the period of November to December 2016, the Fund acquired 4.54 million A shares of Iflytek at an average price of RMB19.09 (adjusted) per share on the secondary stock market with an aggregate invested amount of RMB130 million (equivalent to US\$18.83 million). As of 30 June 2023, 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 0.294% of the issued share capital of Iflytek. In July 2023, the Fund received a cash dividend (net of tax) of RMB0.65 million from Iflytek for 2022.

On 12 August 2023, Iflytek announced that its unaudited net profit for the first half of 2023 was RMB73.57 million, down 73.54% year-over-year. The decrease in profit was primarily the result of intensifying sanctions imposed by the United States in 2022 on more than 20 Chinese companies and institutions with leading technology in AI, including Iflytek. Since then, the company has sought to further enhance the overall degree of ownership and controllability of its core technology research and product development platform. Corresponding adjustments have also been made to the supply chain and other relevant contracts. The combined effect of these research and development investments and operational adjustments has been to pose temporary difficulties in terms of both the company’s sales and product supply. Coupled with the peculiar socio-economic environment during the period, the company’s business was negatively affected.

Ningbo Meishan Free Trade Port Area Jiangmen Venture Capital LLP (the “Jiangmen Ventures Fund”) was established in Ningbo, Zhejiang in September 2016, with an investment horizon of 5 to 7 years and with a paid-in capital amounting to RMB262 million. Its major investment targets are chiefly early-stage business ventures related to machine intelligence, Internet of Things (IoT), natural user interface, and enterprise computing. The general partner and investment manager of the Jiangmen Ventures Fund is Jiangmen Capital Management (Beijing) Co., Ltd., which is responsible for defining and executing the investment strategy for the Jiangmen Ventures Fund, as well as for managing their operations. The Fund completed a capital contribution of RMB30 million (equivalent to US\$4.74 million) in January 2018, representing 11.45% of the paid-in capital of the Jiangmen Ventures Fund as of 30 June 2023. In addition, through the end of June 2023, the Fund received cash distributions from the Jiangmen Ventures Fund in a cumulative amount of RMB11.21 million.

Through the end of June 2023, the Jiangmen Ventures Fund has made investments in nineteen projects for a total of RMB233 million. Currently, the Jiangmen Ventures Fund has entered into the investment exit period. Of these projects, two projects have been fully exited and three projects have been partially exited. In addition, a total of three projects have completed new rounds of equity financing during the first half of 2023.

Pony AI Inc. (“Pony AI”) was established in Silicon Valley, the United States, in December 2016 and is a research and development company in China that focuses on technology solutions for autonomous driving. In July 2018 and in April 2019, the Fund invested a total of US\$8.61 million and then held a 0.889% equity interest in Pony AI. In January 2021, Pony AI completed a new round of equity financing, with a post-investment valuation of US\$5.3 billion. The Fund’s equity interest in Pony AI was diluted to 0.670%, accordingly. In March 2022, Pony AI completed the first close of another new round of equity financing, with a post-investment valuation of US\$8.7 billion. The equity interest of Pony AI held by the Fund was further diluted from 0.670% to 0.655%.

Through the end of June 2023, Pony AI has recorded a total accumulated autonomous driving distance of over 22 million kilometres. The number of registered users of the Robotaxi service has reached 100,000. The total accumulated autonomous driving distance of the Robotruck has exceeded 20 million kilometres. In addition, Pony AI has obtained public-facing and fully driverless driving licenses in Yizhuang, Beijing and Guangzhou, and fully driverless test licenses in Shanghai and Shenzhen.

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

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

In the first half of 2023, Arashi Vision has launched three consumer products, namely Insta360 Flow, Insta360 GO 3 and Insta360 X3 Demon Slayer Blade Co-branded Edition (in order of launch date). Insta360 Flow is an AI mobile phone stabiliser, equipped with years of AI image technology developed by Arashi Vision, marking its first entry into the mobile phone photography market. Insta360 GO 3, an upgraded version of its existing consumer thumb camera GO series after a two-year interval, offers an easy way to capture first-person and various novel perspectives, taking lightweight recording to new heights. Insta360 X3 Demon Slayer Blade Co-branded Edition is a collaboration between its flagship panoramic sports camera X3 and a popular anime brand, exploring new possibilities in image creation with stunning design. The above three new products launched by Arashi Vision in the first half of 2023 encompass a new iteration of classic product line, a crossover of a flagship product, as well as the debut of an entirely new product line, as the company strives to continuously release leading-edge intelligent imaging products that empower people to better record and share the experiences of life.

Xunfei Healthcare Technology Co., Ltd. (“Xunfei Healthcare”) was established in the High-tech Development Zone, Hefei, Anhui in 2016 and is a startup AI medical enterprise. The Fund invested RMB60 million (equivalent to US\$8.60 million) in February 2020 and RMB50 million (equivalent to US\$7.80 million) in November 2021, for an aggregate investment of RMB110 million (equivalent to US\$16.40 million) in Xunfei Healthcare, representing a 3.514% equity interest in Xunfei Healthcare as of 30 June 2023.

Xunfei Healthcare officially changed its name from “Anhui iFlyHealth Co., Ltd.” to “Xunfei Healthcare Technology Co., Ltd.” on 13 February 2023.

As disclosed in the interim report for 2023 published by Iflytek, the controlling shareholder of Xunfei Healthcare, on 12 August 2023, the unaudited net loss of Xunfei Healthcare for the first half of 2023 was RMB110 million, compared to a net loss of RMB142 million for the same period last year.

Through the end of June 2023, Xunfei Healthcare’s product, “Intelligent Doctor Assistant,” was deployed in 31 provinces (autonomous regions and municipalities), as well as 408 districts and counties nationwide. It has helped the grass-roots-level doctors to complete more than 230 million standardised electronic medical records, and it has been used to provide more than 640 million AI-assisted diagnosis suggestions, and to add value in revising a diagnosis more than 1.27 million (In this last scenario, the doctors revised their original diagnosis after referring to the diagnosis prompt of the “Intelligent Doctor Assistant,” after which the final diagnosis was consistent with the medical record information).

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 June 2023, China UnionPay declared a cash dividend for 2022, and the Fund is entitled to receive an amount of RMB2.90 million from China UnionPay.

China UnionPay disclosed its operating conditions in March 2023. Over 100,000 merchants in Hong Kong have accepted the QR code of UnionPay. And with this basis, UnionPay International, a subsidiary of China UnionPay, comes to focus on engaging in livelihood scenes and improving the daily payment experience of cardholders, with bill payment services as an important part. Furthermore, UnionPay cards have come to be fully accepted by point-of-sale (POS) terminals and automated teller machines (ATM) in Hong Kong, with a cumulative issuance of over 30 million cards. "UnionPay" has become a familiar payment brand for Hong Kong residents. Adapting to the changes in cardholder spending habits, UnionPay International launched the Hong Kong and Macau version of Mobile QuickPass in 2018, and subsequently promoted and invited more than 20 local wallets to support UnionPay card. More and more Hong Kong residents have downloaded and used Mobile QuickPass, with over 2.8 million cards now using the services.

In May 2023, UnionPay International announced a new collaboration with the National Payment Corporation of Vietnam (NAPAS) by signing a memorandum of understanding. The two parties agreed to jointly promote the integration of UnionPay payment information into Vietnam's national QR code (VietQR). With this collaboration, the acceptance coverage of UnionPay mobile payment products in Vietnam will increase to 70%.

CASREV FUND III-RMB L.P. ("CASREV Fund III") was established in Shenzhen, Guangdong in February 2020, with an investment horizon of 8 to 10 years and with a total fund subscription amount of RMB6 billion (presently, the paid-in capital amounts to RMB4.5 billion). The major investment targets of CASREV Fund III include enterprises related to smart manufacturing, smart products and services, big data and cloud computing, AI, Internet of Things (IoT), blockchain, biological engineering, chips and sensors, operating system, kernel modules, communication networks, materials and other emerging technologies. The general partner and investment manager of CASREV Fund III is CAS Investment Management Co., Ltd., which is responsible for defining and executing the investment strategy for CASREV Fund III, as well as for managing their operations. The Fund holds a beneficial interest in CASREV Fund III via CASRF Fund L.P. The Fund has committed to subscribe to an aggregate amount of RMB50 million by installment, representing 1.11% of the paid-in capital of CASREV Fund III. Since September 2020, the Fund had made successive capital contributions to CASREV Fund III for an aggregate amount of RMB50 million (equivalent to US\$7.50 million), representing 100% of the subscription amount committed by the Fund. In addition, through the end of June 2023, the Fund received cash distributions from CASREV Fund III in a cumulative amount of RMB2.08 million.

Through the end of June 2023, the investment committee of CASREV Fund III has approved a total of sixty-one investment projects, for a total approved investment amount of RMB3.761 billion, of which RMB3.751 billion has been paid. At present, among the companies invested in by CASREV Fund III, five have been listed. One additional company has submitted initial public offerings (IPO) application to the SSE STAR Market, which was accepted and is presently undergoing the stage of inquiry and feedback.

Flexiv Ltd. (“Flexiv”) was established in Silicon Valley, the United States, in June 2016 and is a technology company in China that focuses on the development and application of adaptive robots. It, based on Flexiv robotic systems, provides innovative turnkey solutions and services for its customers in a range of industries. The Fund invested US\$5 million in December 2020 and held a 1.58% equity interest in Flexiv as of 30 June 2023.

In the first half of 2023, sales of Flexiv’s Rizon 4 have significantly increased. In addition, Flexiv’s first self-adjusting parallel robot and its new force-controlled gripper, with a universal end-of-arm socket, are expected to be ready for Proof of Concept in the third quarter of 2023.

Beijing Huashun Xin’an Technology Co., Ltd. (“Huashun Xin’an”) was established in Beijing in 2018 and is a cyber security company with a search engine for cyberspace resources. It is focused on the fields of big data security and cyberspace resources for surveying and mapping, and is primarily engaged in the research and development of technologies and products in the field of cyber information security. The Fund completed capital contributions of RMB24 million (equivalent to US\$3.67 million) and RMB6 million (equivalent to US\$0.93 million) in April and July 2021, respectively, for an aggregate investment of RMB30 million (equivalent to US\$4.60 million). In April 2022, in a new round of equity financing carried out by Huashun Xin’an, the Fund increased its investment in Huashun Xin’an by RMB6.50 million (equivalent to US\$1.02 million) to avoid a dilution of its interest, for an aggregate investment of RMB36.50 million (equivalent to US\$5.62 million), amounting to a 4.295% equity interest in Huashun Xin’an as of 30 June 2023.

In response to users’ increasing demands and new scenarios for the cyberspace search engine, FOFA-G, the company launched an upgraded version, the FO-OCTRA platform, in April 2023 to meet users’ needs for analysing data for clues on illegal cyber activities, provided for use by authorised regulatory agencies.

On 24 May 2023, at the Work Summary 2022 of the China National Vulnerability Database of Information Security (CNNVD) and Excellent Support Unit Commendation Conference, Huashun Xin’an received two prestigious honours, namely the “Excellent Technical Support Unit of 2022” and the “Outstanding Contribution Award for High-Value Vulnerabilities in 2022.”

Xinyi Information Technology Ltd. (“Xinyi”) was established in Zhang Jiang District, Shanghai in March 2017. It is a company that focuses on the research and development of SoC (system on a chip) for Internet of Things (IoT) for low-power wide-area network (LPWAN), and is committed to becoming a world-class manufacturer of Internet of Things intelligent terminal SoCs for the 5th generation mobile communications (5G), with applications mainly covering smart meters, smart security, smart transportation, smart cities, the sharing economy and other scenarios. The Fund invested RMB35 million (equivalent to US\$5.42 million) in September 2021 for a 1.44% equity interest in Xinyi.

In the first half of 2023, nearly 20 million Xinyi NB-IoT chips have been shipped, ranking first in the domestic industry in terms of shipments. The SoC of XY2100S, a second-generation product specifically developed for smart meters, has passed testing and is undergoing the customer integration processes. The development of IoT CAT-1 chip for medium-speed IoT has been rapidly advancing, with tape-out completed in the fourth quarter of 2022. Customer integration is presently going smoothly, and commercial availability is expected to begin in the third quarter of 2023.

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

In the first half of 2023, Azuri’s 10G-EPON OLT continued to be shipped both domestically and to North America. The performance and yield of the ultra-low chirp 1577nm DML V2 chip are continuously improving, with the expectation of mass production by September 2023.

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 2023, Hwagain continued to maintain sound and stable development. In addition to continuously addressing daily business operation management issues in areas such as pulp paper production, paper product sales, and forestry operations, Hwagain has also made certain improvements to the production process, while adopting some technological innovations. For the first half of 2023, Hwagain recorded an unaudited net profit of RMB25.33 million, up 143.07% year-over-year.

Wuhan Rixin Technology Co., Ltd. (“Wuhan Rixin”) was established in Wuhan, Hubei in 2001 and is a state-accredited high technology enterprise engaged in the design, production and installation of solar modules and Building Integrated Photovoltaic (BIPV) products, as well as in the operation, maintenance and management of solar powered electric systems. The stock of Wuhan Rixin was listed for trading on the New Third Board in February 2016. The Fund invested RMB15 million (equivalent to US\$2.20 million) in July 2009. As of 30 June 2023, the Fund held a total of 4.95 million shares in Wuhan Rixin, as a result of the receipt of 1.65 million new shares via a capitalisation issue from Wuhan Rixin in May 2019, accounting for 3.90% of the issued share capital of Wuhan Rixin.

On 25 August 2023, Wuhan Rixin announced that its unaudited net loss for the first half of 2023 was RMB29.60 million, compared to a net loss of RMB14.70 million for the same period last year. The reason for greater loss was that a photovoltaic power plant project developed and constructed by the company has yet to be recognised as sales revenue during the period.

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

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

On 9 December 2022, YZY Biopharma made an application for listing on the Hong Kong Stock Exchange. The prospectus, which was updated on 11 June 2023, discloses that its loss and comprehensive expenses for the years ended 31 December 2021 and 2022 was RMB149 million and RMB189 million, respectively.

Immvira Bioscience Inc. (“Immvira”) was established in Cayman Islands in May 2018 and is a biotech research and development company, principally engaged in clinical research and the development of vector technologies as potential cancer therapeutics. Leveraging intrinsic mechanisms of action and tumor microenvironment modifications, Immvira is focused on developing a new generation of novel anti-cancer drug vectors, including replicating and non-replicating herpes simplex virus vectors, drug delivery exosomes and tumor vaccines. The Fund invested US\$8 million in October 2022 for a 1.67% equity interest in Immvira.

According to the efficacy data released by Immvira, as of January 2023, MVR-T3011 IT monotherapy for the treatment of advanced head and neck cancer patients has achieved a confirmed objective response rate (ORR) of 25.0%, significantly higher than the standard therapy (ORR: 5.8%/10.1%) and PD-1 immunotherapy (ORR: 13.3%/14.6%) for second-line and above patients.

In March 2023, Immvira reached a strategic cooperation agreement with Cytiva, accelerating the development of new therapies such as oncolytic viruses and exosomes.

PROSPECTS

In the first half of 2023, China remained on a path of restorative economic growth. According to data released by the National Bureau of Statistics, Gross Domestic Product (GDP) in the first half of the year was RMB59.3 trillion, up 5.5% year-on-year, calculated in constant prices. In terms of industries, the added value of the primary industry in the first half of the year was RMB3.0 trillion, with a year-on-year increase of 3.7%; the added value of the secondary industry was RMB23.1 trillion, with an increase of 4.3%; the added value of the tertiary industry was RMB33.2 trillion, with an increase of 6.4%. In terms of quarters, GDP grew by 4.5% year-on-year in the first quarter, and by 6.3% year-on-year in the second quarter. Furthermore, the Consumer Price Index of China for the first half of the year rose by 0.7% year-on-year, representing a still low level of inflation.

Looking ahead to the second half of the year, the World Bank stated in June 2023 that global economic growth has significantly slowed amidst rising global interest rates, intensifying the risk of financial pressures on emerging markets and developing economies. Global economic growth is projected to slow from 3.1% in 2022 to 2.1% in 2023. In emerging markets and developing economies, excluding China, the growth rate is expected to decrease from 4.1% in 2022 to 2.9% in 2023. Multiple impacts, including the coronavirus pandemic, the Russia-Ukraine conflict and the significant slowdown of economic growth caused by the tightening of global financial conditions, have dealt a major setback to the development of emerging markets and developing economies, with their effects expected to persist into the foreseeable future. In China, at the start of 2023, a strong recovery in the economy took root due to the release of suppressed market demand during the pandemic, which stimulated consumption. Retail sales experienced a significant increase, and industrial production showed a moderate rebound. Factors such as the rebound in contact-intensive service industries, strong spending during the Spring Festival, the recovery of travel, and the rapid return of migrant workers to their workplaces have provided support for economic activity. Increased stimulus measures in China's infrastructure industry since 2022 have helped to offset weakness in the real estate industry. The real estate sector, burdened by high levels of debt, has shown preliminary signs of emerging from a long period of stagnation, and various policies implemented by the Central Government to ensure the completion of ongoing projects and restore industry confidence have driven up real estate prices in many cities. In addition, the reopening of the economy and the excess savings accumulated by domestic citizens are expected to support household expenditure growth, especially in service spending. In conclusion, it is expected that China's economy can achieve a target growth rate of around 5.0% in 2023. Given that China's overall economic growth environment is expected to stabilise and to pursue progress in 2023, and that China's economic restructuring is continuing under the "14th Five-Year" plan, it is expected that the operating results of the investment projects (mainly operating in China) held by the Fund may continue to improve.

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

SUB-PARTICIPATION SCHEME

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

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

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

As of 30 June 2023, details of aggregate amounts actually provided by the Participants and their relative proportion to the investment amounts actually paid by the Fund were as follows:

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

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

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

In addition, as of 30 June 2023, details of the amounts actually paid by some of the Directors of the Fund as well as a Director of the Investment Manager for the Scheme were as follows:

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

Name of projects	Mr. ZHOU Xing (Note 1) US\$	Mr. ZHANG Rizhong (Note 2) US\$	Mr. WANG Xiaoding (Note 3) US\$	Mr. TSE Yue Kit (Note 4) US\$	Mr. KANG Dong (Note 5) US\$
Pony AI (2nd round capital injection)	N/A	1,280	1,280	1,280	N/A
Arashi Vision	N/A	1,280	3,830	1,280	N/A
Xunfei Healthcare (1st round capital injection)	N/A	6,420	19,260	1,280	N/A
Iflytek Venture Capital (5th installment capital contribution)	N/A	N/A	320	60	N/A
China UnionPay	N/A	3,870	12,900	1,290	N/A
Iflytek Venture Capital (6th installment capital contribution)	N/A	N/A	640	130	N/A
CASREV Fund III (1st installment capital contribution)	N/A	320	320	320	N/A
CASREV Fund III (2nd installment capital contribution)	N/A	320	320	320	N/A
Huiyou Xingyao Fund (1st installment capital contribution)	N/A	1,750	880	880	N/A
Flexiv	N/A	1,290	20,640	1,290	N/A
Huashun Xin'an (1st installment capital contribution for 1st round capital injection)	N/A	1,030	1,030	1,030	N/A
Huashun Xin'an (2nd installment capital contribution for 1st round capital injection)	N/A	260	260	260	N/A
Huiyou Xingyao Fund (2nd installment capital contribution)	N/A	830	410	410	N/A
CASREV Fund III (3rd installment capital contribution)	N/A	320	320	320	N/A
Xinyi	N/A	6,430	1,290	1,290	N/A
Xunfei Healthcare (2nd round capital injection)	N/A	N/A	1,280	N/A	1,280
Azuri	N/A	N/A	1,280	N/A	1,280
Huashun Xin'an (2nd round capital injection)	N/A	N/A	1,270	N/A	1,270
CASREV Fund III (4th installment capital contribution)	N/A	320	320	320	N/A
Immvisa	N/A	N/A	1,270	N/A	1,270

Note 1: The Chairman of the Fund

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

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

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

Note 5: Director of the Investment Manager

Mr. WANG Xiaoding

Director & General Manager

China Merchants China Investment Management Limited

Hong Kong, 28 August 2023

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

A dividend payment of US\$10,663,311 (2021: US\$21,326,622), being a final dividend of US\$0.07 per share (2021: a final dividend of US\$0.07 per share and a special dividend of US\$0.07 per share, totaling US\$0.14 per share), for the year ended 31 December 2022 was approved by the shareholders on 29 May 2023 and was subsequently paid by the Company in cash on 27 July 2023.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

During the six months ended 30 June 2023, 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 2023, 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	150,000	Beneficial owner	0.10%

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 2023, 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 2023.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, the following persons, other than a Director or chief executives of the Company, had interests in the shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO:

Name of shareholder	Long/ short position	Capacity	Number of ordinary shares interested	Percentage of total issued shares
China Merchants Group Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Steam Navigation Company Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
China Merchants Financial Holdings Co., Ltd. (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
CMF Holdings Limited (Note 1)	Long position	Interest of controlled corporation	42,022,041	27.59%
Good Image Limited	Long position	Beneficial owner	42,022,041	27.59%
Lazard Asset Management LLC	Long position	Investment manager	24,213,051	15.89%
CHAN Kin (Note 2)	Long position	Interest of controlled corporation	7,636,000	5.01%
Argyle Street Management Holdings Limited (Note 3)	Long position	Interest of controlled corporation	7,636,000	5.01%
Argyle Street Management Limited (Note 4)	Long position	Investment manager	7,636,000	5.01%

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

Note 2: CHAN Kin is deemed to have corporate interests in the shares by virtue of his controlling shareholding (i.e. 50.13%) in the company whose name is set out immediately under it.

Note 3: Argyle Street Management Holdings Limited is deemed to have corporate interests in the shares by virtue of its entire shareholding in the company whose name is set out immediately under it.

Note 4: Argyle Street Management Limited held the shares in the capacity of the investment manager through its indirect controlling shareholding (i.e. 85.71%) in Loyang Street Limited and entire shareholding in other corporations.

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.

By Order of the Board

Mr. ZHOU Xing

Chairman

Hong Kong, 28 August 2023